

AMENDED IN SENATE SEPTEMBER 4, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1558

Introduced by ~~Committee on Jobs, Economic Development, and the Economy (V. Manuel Perez (Chair), Logue (Vice Chair), Beall, Bill Berryhill, Block, Huber, and Salas)~~ *Assembly Member V. Manuel Perez*

March 11, 2009

An act to add the heading of Chapter 1 (commencing with Section 99500) to Title 20 of, to add Chapter 2 (commencing with Section 99600), Chapter 3 (commencing with Section 99700), and Chapter 4 (commencing with Section 99800) to Title 20 of, to repeal Chapter 4 (commencing with Section 6300) of Division 7 of Title 1 of, and to repeal Chapter 8 (commencing with Section 8700) and Chapter 8.1 (commencing with Section 8710) of Division 1 of Title 2 of, the Government Code, relating to international relations. *An act to amend Sections 14010, 14020, 14021, 14022, 14023, 14024, 14025, 14026, 14030, 14030.2, 14034, 14074, and 14076 of, to add Section 14000.7 to, and to repeal Section 14075 of, the Corporations Code, to amend Sections 4532, 7073, 7079, 7081, 7082, 7085, 7086, 7114.5, 7117, 7280.6, 7280.8, 7281.4, 8684.2, 13994, 13994.1, 13994.5, 13994.6, 13994.8, 13994.9, 13994.11, 13994.12, 13996, 13996.1, 13996.2, 13996.45, 13996.5, 13996.55, 13996.6, 13996.65, 13996.7, 13996.75, 13999.1, 13999.2, 13999.4, 15570, 15901, 63021, 63021.5, 65054, 65054.1, 65054.3, 65054.4, and 99502 of, to add Section 65054.5 to, and to repeal Chapter 1.5 (commencing with Section 12095) of Part 2 of Division 3 of Title 2 of, the Government Code, and to amend Sections 9101, 9102, 9600.5, 10200, 10201, 10201.5, 10202, 10205, 10213, 10214, 10510, 10529, 10530, and 10533 of the Unemployment Insurance Code, relating to state government.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1558, as amended, ~~Committee on Jobs, Economic Development, and the Economy V. Manuel Perez. International relations. State government.~~

(1) Existing law, the California Small Business Financial Development Corporation Law, creates the Office of the California Small Business Board and imposes numerous duties on the Secretary of Business, Transportation and Housing.

This bill would eliminate the duties of the secretary and transfer modified duties under these provisions to a director and executive director of a renamed Economic and Employment Development Department, which would succeed to some of the duties of the existing Employment Development Department under this bill.

(2) Existing law, the Target Area Contract Preference Act, defines the term “distressed” for purposes of its provisions as, among other things, being an urbanized area identified by the Office of Planning and Research.

This bill would eliminate the Office of Planning and Research from identifying the area, and instead require the Department of Finance to make the identification.

(3) Existing law, the Enterprise Zone Act, imposes numerous duties on the Employment Development Department and other state entities to promote economic development within specified geographic areas.

This bill would eliminate the duties of the Employment Development Department under these provisions and instead transfer them to the renamed entity, the Economic and Employment Development Department. This bill would also modify other duties under these provisions.

(4) Existing law, the Local Agency Military Base Recovery Area Act, imposes numerous duties on the California Environmental Protection Agency (Cal EPA) and the Office of Permit Assistance.

This bill would eliminate certain duties of Cal EPA and instead transfer them to state licensing and regulatory bodies, generally. This bill would state that the Office of Permit Assistance is within the renamed Economic and Employment Development Department.

(5) Existing law, the Burton-Stull Vietnam Veterans Employment Act, imposes duties on the Employment Development Department.

This bill would eliminate the duties of the Employment Development Department and transfer them to the renamed Economic and Employment Development Department.

(6) Existing law, the California Disaster Assistance Act, authorizes the Business, Transportation and Housing Agency to adopt specified regulations to implement a loan program.

This bill would eliminate these duties of the Business, Transportation and Housing Agency and transfer them to the Office of Small Business or the renamed Economic and Employment Development Department, as specified.

(7) Existing law creates the California Commission for Industrial Innovation within the office of the Governor to encourage industrial innovation and develop policies to maintain the state's leadership in the national economy.

This bill repeals these provisions, thereby eliminating the commission.

(8) Existing law establishes the Manufacturing Technology Program and imposes duties on the Business, Transportation and Housing Agency under the program.

This bill would eliminate the duties of the agency under these provisions and transfer them to the Office of Technology and Innovation, which is created within the renamed Economic and Employment Development Department. This bill would also impose specified duties under this program on the new department and a director and executive director of the department.

(9) Existing law imposes specified duties on the Business, Transportation and Housing Agency and the secretary of the agency with regard to international trade and investment.

This bill would eliminate the duties of the Business, Transportation and Housing Agency and its secretary and transfer them to the renamed Economic and Employment Development Department. This bill would also rename the Economic Strategy Panel as the California Economic and Workforce Development Panel.

(10) Existing law establishes the Regional Technology Alliance Program within the Business, Transportation and Housing Agency, and imposes specified duties on the agency and its secretary.

This bill would eliminate the duties of the Business, Transportation and Housing Agency and its secretary and transfer them to the Office of Technology and Innovation or to the renamed Economic and Employment Development Department, as specified.

(11) Existing law creates the Space Enterprise Development Act and imposes duties on the Business, Transportation and Housing Agency and its secretary.

This bill would eliminate the duties of the Business, Transportation and Housing Agency and its secretary and transfer them to the Office of Technology and Innovation or on the renamed Economic and Employment Development Department, as specified.

(12) Existing law imposes specified duties on the Secretary of Business, Transportation and Housing regarding a biennial California Economic Development Strategic Plan.

This bill would rename the plan the California Economic and Employment Development Strategic Plan. The bill would also eliminate the duties of the Business, Transportation and Housing Agency and its secretary and transfer modified duties to a director of the renamed Economic and Employment Development Department. The bill would specifically modify the requirement of a biennial strategic plan to one every 5 years.

(13) Existing law establishes the Infrastructure and Economic and Development Bank within the Business, Transportation and Housing Agency.

This bill would eliminate the duties of the Business, Transportation and Housing Agency and its secretary and transfer them to the renamed Economic and Employment Development Department.

(14) Existing law creates the Office of Small Business Advocate within the Office of Planning and Research, and imposes various duties. Existing law requires the Governor to appoint the director of the Office of Small Business Advocate.

This bill renames the office as the Office of Small Business, eliminates the duties of the Office of Planning and Research, and transfers modified duties to the renamed Economic and Employment Development Department. This bill also eliminates the Governor's requirement to appoint a director, and instead requires the Small Business Board to appoint the director. This bill establishes the Small Business Board, consisting of specified members, to perform certain duties, adopt bylaws, and hold public hearings.

(15) Existing law requires the Office of Planning and Research to maintain and update a list of state agreements with foreign governments.

This bill would eliminate this duty of the Office of Planning and Research and transfer it to the office of the Governor.

(16) Existing law imposes various duties on the State Job Training Coordinating Council, Employment Development Department, the Business, Transportation and Housing Agency, and its secretary.

This bill would eliminate certain specified duties of the State Job Training Coordinating Council, Employment Development Department, the Business, Transportation and Housing Agency, and its secretary and transfer them to the renamed Economic and Employment Development Department. This bill would also rename the federal Job Training Partnership Act as the Workforce Investment Act.

~~Existing law authorizes any public corporation, as defined, and specified private corporations to apply for the privilege of establishing, operating, and maintaining a foreign trade zone in accordance with federal law, and provides that any public or private corporation whose application is granted pursuant to federal law is authorized to establish, operate, and maintain a foreign trade zone, subject to specified conditions.~~

~~Existing law establishes the Office of California-Mexico Affairs to serve as a clearinghouse for information and assistance to other state agencies involved with Mexico, and to develop favorable relations with Mexico.~~

~~Existing law establishes the California-Mexico Border Relations Council to consist of specified state officials. The duties of the council include, among other things, coordinating activities of state agencies that are related to cross-border programs, initiatives, projects, and partnerships that exist within state government. The council is required to annually submit a report on its activities to the Legislature.~~

~~This bill would recodify and reorganize the above provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 14000.7 is added to the Corporations*
- 2 *Code, to read:*
- 3 *14000.7. There exists within the Office of Small Business of*
- 4 *the Department of Economic and Employment Development, the*
- 5 *California Small Business Loan and Guarantee Program.*
- 6 *SEC. 2. Section 14010 of the Corporations Code is amended*
- 7 *to read:*

1 14010. Unless the context otherwise requires, the definitions
2 in this section govern the construction of this part.

3 (a) “Corporation” or “the corporation” means any nonprofit
4 California small business financial development corporation created
5 pursuant to this part.

6 (b) “Financial institution” means banking organizations
7 including national banks and trust companies authorized to conduct
8 business in California and state-chartered commercial banks, trust
9 companies, and savings and loan associations.

10 (c) “Financial company” means banking organizations including
11 national banks and trust companies, savings and loan associations,
12 state insurance companies, mutual insurance companies, and other
13 banking, lending, retirement, and insurance organizations.

14 (d) “Expansion Fund” means the California Small Business
15 Expansion Fund.

16 (e) Unless otherwise defined by the director by regulation,
17 “small business loan” means a loan to a business defined as an
18 eligible small business as set forth in Section 121.3-10 of Part 121
19 of Chapter 1 of Title 13 of the Code of Federal Regulations,
20 including those businesses organized for agricultural purposes that
21 create or retain employment as a result of the loan. From time to
22 time, the director shall provide guidelines as to the preferred ratio
23 of jobs created or retained to total funds borrowed for guidance to
24 the corporations.

25 (f) “Employment incentive loan” means a loan to a qualified
26 business, as defined in subdivision (h) of Section 7082 of the
27 Government Code, or to a business located within an enterprise
28 zone, as defined in subdivision (b) of Section 7072 of the
29 Government Code.

30 ~~(g) “Loan committee” means a committee appointed by the~~
31 ~~board of directors of a corporation to determine the course of action~~
32 ~~on a loan application pursuant to Section 14060.~~

33 ~~(h) “Board of directors” means the board of directors of the~~
34 ~~corporation.~~

35 ~~(i) “Board” means the California Small Business Board.~~

36 ~~(j) “Agency” means the Business, Transportation and Housing~~
37 ~~Agency.~~

38 ~~(k) “Director”~~

1 (g) “*Executive Director*” means the person designated to this
2 title by the ~~secretary~~ *director who administers the Small Business*
3 *Loan Guarantee Program*.

4 (h) ~~“Secretary” means the Secretary of Business, Transportation~~
5 ~~and Housing Agency.~~

6 (m)–

7 (h) “Trust fund” means the money from the expansion fund that
8 is held in trust by a financial institution or a financial company. A
9 trust fund is not a deposit of state funds and is not subject to the
10 requirements of Section 16506 of the Government Code.

11 (n)–

12 (i) “Trust fund account” means an account within the trust fund
13 that is allocated to a particular small business financial
14 development corporation for the purpose of paying loan defaults
15 and claims on bond guarantees for a specific small business
16 financial development corporation.

17 (o)–

18 (j) “Trustee” is the lending institution or financial company
19 selected by the office to hold and invest the trust fund. The
20 agreement between the agency and the trustee shall not be
21 construed to be a deposit of state funds.

22 (k) “*Director*” means the *Director of the Economic and*
23 *Employment Development Department*.

24 (l) “*Small Business Advocate*” means the person selected by
25 the *California Small Business Board* to direct the *Office of Small*
26 *Business*.

27 (m) “*Program*” means the *Small Business Loan and Guarantee*
28 *Program*.

29 (n) “*Office*” means the *Office of Small Business within the*
30 *Economic and Employment Development Department*.

31 (o) “*Department*” means the *Economic and Employment*
32 *Development Department*.

33 SEC. 3. Section 14020 of the Corporations Code is amended
34 to read:

35 14020. There is in the ~~agency~~ *office* the California Small
36 Business Board.

37 SEC. 4. Section 14021 of the Corporations Code is amended
38 to read:

39 14021. The board consists of the following membership:

1 ~~(a) The Secretary of Business, Transportation and Housing~~
2 ~~Director of the Economic and Employment Development~~
3 ~~Department, or his or her designee.~~

4 (b) Six members appointed by the Governor, one of whom will
5 serve as chair of the board, who are actively involved in the
6 California small business community.

7 (c) Two persons actively involved in the business or agricultural
8 communities, one appointed by the Speaker of the Assembly and
9 one appointed by the Senate Committee on Rules.

10 (d) Two Members of the Legislature or their designees, one
11 appointed by the Speaker of the Assembly and one appointed by
12 the Senate Committee on Rules, shall serve on the board insofar
13 as it does not conflict with the duties of the legislators.

14 ~~(e) The Director of the Office of Small Business, who shall be~~
15 ~~selected by the members of the board.~~

16 SEC. 5. *Section 14022 of the Corporations Code is amended*
17 ~~to read:~~

18 14022. The board shall do each of the following:

19 ~~(a) Advise the director on matters regarding this part. the~~
20 ~~Governor and the director regarding issues and programs affecting~~
21 ~~California's small business community, including, but not limited~~
22 ~~to, business innovation and expansion, export financing, state~~
23 ~~procurement, management and technical assistance, venture~~
24 ~~capital, and financial assistance.~~

25 (b) Select a vice chairperson of the board and adopt bylaws as
26 are required to govern the conduct and operation of the board.

27 ~~(c) Approve new corporations recommended by the director,~~
28 ~~based on an examination of each of the following:~~

29 ~~(1) Review of the articles of incorporation and bylaws of the~~
30 ~~corporation to determine whether they contain the provisions~~
31 ~~required by this chapter and conform with the regulations adopted~~
32 ~~pursuant to this part.~~

33 ~~(2) Determination as to whether the legislative intent expressed~~
34 ~~in Section 14002 shall be served by the proposed corporation.~~

35 ~~(3) Determination as to whether the responsibility, character,~~
36 ~~and general fitness of the individuals who will manage the~~
37 ~~corporation are such as to command the confidence of the state~~
38 ~~and to warrant the belief that the business of the proposed~~
39 ~~corporation will be honestly and efficiently conducted in~~
40 ~~accordance with the intent and purpose of this chapter and that~~

1 ~~they include representatives of the financial and business~~
2 ~~community, as well as the economically disadvantaged.~~

3 ~~(d)–~~

4 (c) Hold public hearings in order to carry out the objectives of
5 the agency in regards to its responsibilities as legislative advocate
6 and ombudsman for the state’s small business community.

7 ~~(e) Advise the Governor, the director, and the Small Business~~
8 ~~Advocate regarding issues and programs affecting California’s~~
9 ~~small business community, including, but not limited to, business~~
10 ~~innovation and expansion, export financing, state procurement,~~
11 ~~management and technical assistance, venture capital, and financial~~
12 ~~assistance.~~

13 *SEC. 6. Section 14023 of the Corporations Code is amended*
14 *to read:*

15 14023. The public members of the board may, at the discretion
16 of the ~~agency department~~, be reimbursed per diem and travel
17 expenses pursuant to state law.

18 *SEC. 7. Section 14024 of the Corporations Code is amended*
19 *to read:*

20 14024. The ~~agency office~~ shall adopt regulations concerning
21 the implementation of this chapter and direct lending as emergency
22 regulations in accordance with Chapter 3.5 (commencing with
23 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
24 Code. The adoption of these regulations is an emergency and
25 necessary for the immediate preservation of the public peace, health
26 and safety, or general welfare within the meaning of subdivision
27 (b) of Section 11346.1 of the Government Code. Notwithstanding
28 subdivision (e) of Section 11346.1 of the Government Code, the
29 regulations shall not remain in effect for more than 180 days unless
30 the ~~agency office~~ complies with all provisions of Chapter 3.5
31 (commencing with Section 11340) of Part 1 of Division 3 of Title
32 2 of the Government Code, as required by subdivision (e) of
33 Section 11346.1 of the Government Code. This section also applies
34 to any direct loan program administered by the ~~agency office~~.

35 *SEC. 8. Section 14025 of the Corporations Code is amended*
36 *to read:*

37 14025. The *executive* director shall do all of the following:

38 (a) Administer this part.

1 (b) In accordance with program resources, stimulate the
2 formation of corporations and the use of branch offices for the
3 purposes of making this program accessible to all areas of the state.

4 (c) Expeditiously approve or disapprove the articles of
5 incorporation and any subsequent amendments to the articles of
6 incorporation of a corporation.

7 (d) Require each corporation to submit an annual written plan
8 of operation.

9 (e) Review reports from the Department of Financial Institutions
10 and inform corporations as to what corrective action is required.

11 (f) Examine, or cause to be examined, at any reasonable time,
12 all books, records, and documents of every kind, and the physical
13 properties of a corporation. The inspection shall include the right
14 to make copies, extracts, and search records.

15 *SEC. 9. Section 14026 of the Corporations Code is amended*
16 *to read:*

17 14026. The *executive* director, following notification to the
18 ~~secretary~~ director, may do all of the following:

19 (a) Contract for services entered into pursuant to this chapter.

20 (b) Hold public hearings.

21 (c) Act as liaison between corporations formed under this part,
22 other state and federal agencies, lenders, and the Legislature.

23 (d) Process and tabulate on a monthly basis all corporate reports.

24 (e) Attend board meetings of the *California Small Business*
25 *Board*.

26 (f) Attend and participate at corporation meetings. The *executive*
27 director, or his or her designee, shall be an ex officio, nonvoting
28 representative on the board of directors and loan committees of
29 each corporation. The *executive* director shall meet with the board
30 of directors of each corporation at least once each fiscal year,
31 commencing July 1, 1999.

32 (g) Assist corporations in applying for federal grant applications,
33 and in obtaining program support from the business community.

34 *SEC. 10. Section 14030 of the Corporations Code, as added*
35 *by Section 2 of Chapter 601 of the Statutes of 2007, is amended*
36 *to read:*

37 14030. (a) There is hereby created in the State Treasury the
38 California Small Business Expansion Fund. All or a portion of the
39 funds in the expansion fund may be paid out, with the approval of
40 the Department of Finance, to a lending institution or financial

company that will act as trustee of the funds. The expansion fund and the trust fund shall be used to pay for defaulted loan guarantees issued pursuant to Article 9 (commencing with Section 14070), administrative costs of corporations, and those costs necessary to protect a real property interest in a defaulted loan or guarantee. The amount of guarantee liability outstanding at any one time shall not exceed four times the amount of funds on deposit in the expansion fund plus any receivables due from funds loaned from the expansion fund to another fund in state government as directed by the Department of Finance pursuant to a statute enacted by the Legislature, including each of the trust fund accounts within the trust fund, unless the *executive* director has permitted a higher leverage ratio for an individual corporation pursuant to subdivision (b) of Section 14037.

(b) This section shall become operative on January 1, 2013.

SEC. 11. Section 14030.2 of the Corporations Code is amended to read:

14030.2. (a) The *executive* director may establish accounts within the expansion fund for loan guarantees and surety bond guarantees, including loan loss reserves. Each account is a legally separate account, and shall not be used to satisfy loan or surety bond guarantees or other obligations of another corporation. The *executive* director shall recommend whether the expansion fund and trust fund accounts are to be leveraged, and if so, by how much. Upon the request of the corporation, the *executive* director's decision may be repealed or modified by a ~~board resolution~~ *the director of the department*.

(b) Annually, not later than January 1 of each year commencing January 1, 1996, the *executive* director shall prepare a report regarding the loss experience for the expansion fund for loan guarantees and surety bond guarantees for the preceding fiscal year. At a minimum, the report shall also include data regarding numbers of surety bond and loan guarantees awarded through the expansion fund, including ethnicity and gender data of participating contractors and other entities, and experience of surety insurer participants in the bond guarantee program. The *executive* director shall submit that report ~~to the Secretary of Business, Transportation and Housing for transmission~~ to the Governor and the Legislature.

SEC. 12. Section 14034 of the Corporations Code is amended to read:

1 14034. (a) The *executive* director at his or her discretion, with
2 the approval of the Director of Finance, may request the trustee to
3 invest those funds in the trust fund in any of the securities described
4 in Section 16430 of the Government Code. Returns from these
5 investments shall be deposited in the expansion fund and shall be
6 used to support the programs of this part.

7 (b) Any investments made in securities described in Section
8 16430 of the Government Code shall be governed by the statement
9 of investment policy prepared by the Treasurer pursuant to
10 subdivision (a) of Section 16481.2 of the Government Code.

11 *SEC. 13. Section 14074 of the Corporations Code is amended*
12 *to read:*

13 14074. The ~~agency~~ *Office of Small Business* shall enter into
14 an agreement with the California Energy ~~Extension Service of the~~
15 ~~Office of Planning and Research~~ *Department* to assist small
16 business owners in reducing their energy costs through low interest
17 loans and by providing assistance and information.

18 *SEC. 14. Section 14075 of the Corporations Code is repealed.*

19 ~~14075. (a) A corporation may, in an area affected by a state~~
20 ~~of emergency within the state and declared a disaster by the~~
21 ~~President of the United States, or by the Administrator of the~~
22 ~~United States Small Business Administration, or by the United~~
23 ~~States Secretary of Agriculture or declared to be in a state of~~
24 ~~emergency by the Governor of California, provide loan guarantees~~
25 ~~from funds allocated in Section 14037.5 to small businesses, small~~
26 ~~farms, nurseries, and agriculture-related enterprises that have~~
27 ~~suffered actual physical damage or significant economic injury as~~
28 ~~a result of the disaster.~~

29 ~~(b) The agency may adopt regulations to implement the loan~~
30 ~~guarantee program authorized by this section. The agency may~~
31 ~~adopt these regulations as emergency regulations in accordance~~
32 ~~with Chapter 3.5 (commencing with Section 11340) of Part 1 of~~
33 ~~Division 3 of the Government Code, and for purposes of that~~
34 ~~chapter, including Section 11349.6 of the Government Code, the~~
35 ~~adoption of the regulations shall be considered by the Office of~~
36 ~~Administrative Law to be necessary for the immediate preservation~~
37 ~~of the public peace, health and safety, and general welfare.~~
38 ~~Notwithstanding subdivision (c) of Section 11346.1 of the~~
39 ~~Government Code, the regulations shall be repealed within 180~~
40 ~~days after their effective date unless the agency complies with~~

1 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
2 3 of the Government Code, as provided in subdivision (e) of
3 Section 11346.1 of the Government Code.

4 (e) ~~Allocations pursuant to subdivision (a) shall be deemed to~~
5 ~~be for extraordinary emergency or disaster response operations~~
6 ~~costs incurred by the agency.~~

7 *SEC. 15. Section 14076 of the Corporations Code, as amended*
8 *by Section 7 of Chapter 601 of the Statutes of 2007, is amended*
9 *to read:*

10 14076. (a) It is the intent of the Legislature that the
11 corporations make maximal use of their statutory authority to
12 guarantee loans and surety bonds, including the authority to secure
13 loans with a minimum loan loss reserve of only 20 percent, so that
14 the financing needs of small business may be met as fully as
15 possible within the limits of corporations' loan loss reserves. The
16 ~~agency~~ *Office of Small Business* shall report annually to the
17 Legislature on the financial status of the corporations and their
18 portfolio of loans and surety bonds guaranteed.

19 (b) Any corporation that serves an area declared to be in a state
20 of emergency by the Governor or a disaster area by the President
21 of the United States, the Administrator of the United States Small
22 Business Administration, or the United States Secretary of
23 Agriculture shall increase the portfolio of loan guarantees where
24 the dollar amount of the loan is less than one hundred thousand
25 dollars (\$100,000), so that at least 15 percent of the dollar value
26 of loans guaranteed by the corporation is for those loans. The
27 corporation shall comply with this requirement within one year of
28 the date the emergency or disaster is declared. Upon application
29 of a corporation, the *executive* director may waive or modify the
30 rule for the corporation if the corporation demonstrates that it made
31 a good faith effort to comply and failed to locate lending
32 institutions in the region that the corporation serves that are willing
33 to make guaranteed loans in that amount.

34 (c) This section shall remain in effect only until January 1, 2013,
35 and as of that date is repealed, unless a later enacted statute, that
36 is enacted before January 1, 2013, deletes or extends that date.

37 *SEC. 16. Section 14076 of the Corporations Code, as added*
38 *by Section 8 of Chapter 601 of the Statutes of 2007, is amended*
39 *to read:*

1 14076. (a) It is the intent of the Legislature that the
2 corporations make maximal use of their statutory authority to
3 guarantee loans and surety bonds, including the authority to secure
4 loans with a minimum loan loss reserve of only 25 percent, unless
5 the ~~agency~~ *executive director* authorizes a higher leverage ratio
6 for an individual corporation pursuant to subdivision (b) of Section
7 14037, so that the financing needs of small business may be met
8 as fully as possible within the limits of corporations' loan loss
9 reserves. The ~~agency~~ *Office of Small Business* shall report annually
10 to the Legislature on the financial status of the corporations and
11 their portfolio of loans and surety bonds guaranteed.

12 (b) Any corporation that serves an area declared to be in a state
13 of emergency by the Governor or a disaster area by the President
14 of the United States, the Administrator of the United States Small
15 Business Administration, or the United States Secretary of
16 Agriculture shall increase the portfolio of loan guarantees where
17 the dollar amount of the loan is less than one hundred thousand
18 dollars (\$100,000), so that at least 15 percent of the dollar value
19 of loans guaranteed by the corporation is for those loans. The
20 corporation shall comply with this requirement within one year of
21 the date the emergency or disaster is declared. Upon application
22 of a corporation, the director may waive or modify the rule for the
23 corporation if the corporation demonstrates that it made a good
24 faith effort to comply and failed to locate lending institutions in
25 the region that the corporation serves that are willing to make
26 guaranteed loans in that amount.

27 (c) This section shall become operative on January 1, 2013.

28 *SEC. 17. Section 4532 of the Government Code is amended to*
29 *read:*

30 4532. As used in this chapter:

31 (a) "Block group" means the smallest area for which the United
32 States Department of Commerce, Bureau of the Census provides
33 data on personal income.

34 (b) "Urbanized area" means a central city or cities and
35 surrounding closely settled territory, as defined by the United
36 States Department of Commerce, Bureau of the Census in the
37 Federal Register, Vol. 39, Number 85, for Wednesday, May 1,
38 1974, at pages 15202–15203 and as periodically updated.

39 (c) "Cluster of block groups" means one or more contiguous
40 block groups.

1 (d) “Distressed” means an urbanized area, within the State of
2 California and as identified by the ~~Office of Planning and Research~~
3 *Department of Finance*, which contains at least 3,000 people in a
4 cluster of block groups, each of which meet at least five of the
5 following criteria according to the most recent available census
6 information compared to the last statewide census:

7 (1) The percentage of the block group’s population over age 25
8 with less than a high school education was within the upper quartile
9 of all block groups.

10 (2) The unemployment rate of the block group was within the
11 upper quartile of all block groups.

12 (3) The per capita income of the block group was within the
13 lower quartile of all block groups.

14 (4) The percentage of the block group’s households which were
15 female-headed households in poverty with children present was
16 within the upper quartile of all block groups.

17 (5) The percentage of the block group’s population over 65 who
18 were in poverty was within the upper quartile of all block groups.

19 (6) The percentage of the block group’s households with more
20 than 1.01 persons per room was within the upper quartile of all
21 block groups.

22 (7) The percentage of the block group’s population younger
23 than 18 who were in poverty was within the upper quartile of all
24 block groups.

25 (8) The percentage of the block group’s population who were
26 nonwhite or ~~hispanic~~ *Hispanic* was within the upper quartile of all
27 block groups.

28 (e) “Approved special census” means a special census approved
29 by the Population Research Unit of the Department of Finance.

30 (f) “Person with a high risk of unemployment” means a person
31 who:

32 (1) As a member of one of the eligible groups defined in Section
33 321 of Public Law 95-600, qualifies an employer who hires him
34 or her for the Targeted Jobs Tax Credit. These groups are:
35 economically disadvantaged youth, economically disadvantaged
36 Vietnam-era veterans, economically disadvantaged ex-convicts,
37 vocational rehabilitation referrals, youth participating in a qualified
38 cooperative education program, recipients of supplemental security
39 income benefits under Title XVI of the Social Security Act, and
40 general assistance recipients.

(2) Would have qualified an employer hiring him or her for the Work Incentive/Welfare Tax Credit authorized by Section 322 of Public Law 95-600. These persons include applicants and recipients of aid to families with dependent children who would have registered for the Work Incentive Program, and aid to families with dependent children recipients who have been receiving welfare for at least 90 days.

(g) “Poverty” means the poverty level, as defined by the United States Department of Commerce, Bureau of the Census in the Federal Register, Volume 43, Number 87, for Thursday, May 4, 1978, at pages 19260–19269, and as periodically updated.

(h) “California based company” means either of the following:

(1) A business or corporation whose principal office is located in California, and the owners, or officers if the entity is a corporation, are domiciled in California.

(2) A business or corporation that has a major office or manufacturing facility located in California and that has been licensed by the state on a continuous basis to conduct business within the state and has continuously employed California residents for work within the state during the three years prior to submitting a bid or proposal for a state contract.

(i) “Worksite” means either of the following:

(1) A business located within a distressed area.

(2) A business located in directly adjoining census tract blocks that when attached to the distressed area forms a contiguous boundary. A company that intends to perform the work at a worksite described in this paragraph shall submit a map with the bid or proposal identifying where the worksite is located.

SEC. 18. Section 7073 of the Government Code is amended to read:

7073. (a) Except as provided in subdivision (e), any city, county, or city and county with an eligible area within its jurisdiction may complete a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area.

(b) (1) In designating enterprise zones, the department shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications submitted, indicate that they propose the most appropriate, innovative, and

1 comprehensive regulatory, tax, program, and other incentives in
2 attracting private sector investment in the zone proposed.

3 (2) For purposes of this subdivision, regulatory incentives
4 include, but are not limited to, all of the following:

5 (A) The suspension or relaxation of locally originated or
6 modified building codes, zoning laws, general development plans,
7 or rent controls.

8 (B) The elimination or reduction of fees for applications,
9 permits, and local government services.

10 (C) The establishment of a streamlined permit process.

11 (3) For purposes of this subdivision, tax incentives include, but
12 are not limited to, the elimination or reduction of construction
13 taxes or business license taxes.

14 (4) For the purposes of this subdivision, program and other
15 incentives may include, but are not limited to, all of the following:

16 (A) The provision or expansion of infrastructure.

17 (B) The targeting of federal block grant moneys, including small
18 cities, education, and health and welfare block grants.

19 (C) The targeting of economic development grants and loan
20 moneys, including grant and loan moneys provided by the federal
21 Urban Development Action Grant program and the federal
22 Economic Development Administration.

23 (D) The targeting of state and federal job disadvantaged and
24 vocational education grant moneys, including moneys provided
25 by the federal Job Training Partnership Act of 1982 (Public Law
26 97-300).

27 (E) The targeting of federal or state transportation grant moneys.

28 (F) The targeting of federal or state low-income housing and
29 rental assistance moneys.

30 (G) The use of tax allocation bonds, special assessment bonds,
31 bonds under the Mello-Roos Community Facilities Act of 1982
32 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
33 Division 2 of Title 5), industrial development bonds, revenue
34 bonds, private activity bonds, housing bonds, bonds issued pursuant
35 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4
36 (commencing with Section 6584) of Chapter 5), certificates of
37 participation, hospital bonds, redevelopment bonds, school bonds,
38 and all special provisions provided for under federal tax law for
39 enterprise community or empowerment zone bonds.

1 (5) In the process of designating new enterprise zones, the
2 department shall take into consideration the location of existing
3 zones and make every effort to locate new zones in a manner that
4 will not adversely affect any existing zones.

5 (6) In designating new enterprise zones, the department shall
6 include in its criteria the fact that jurisdictions have been declared
7 disaster areas by the President of the United States within the last
8 seven years.

9 (7) When reviewing and ranking new enterprise zone
10 applications, the department shall give special consideration or
11 bonus points, or both, to applications from jurisdictions that meet
12 at least two of the following criteria:

13 (A) The percentage of households within the census tracts of
14 the proposed enterprise zone area, the income of which is below
15 the poverty level, is at least 17.5 percent.

16 (B) The average unemployment rate for the census tracts of the
17 proposed enterprise zone area was not less than five percentage
18 points above the statewide average for the most recent calendar
19 year as determined by the *Economic and Employment*
20 *Development Department*.

21 (C) The applicant jurisdiction has, and can document that it has,
22 a unique distress factor affecting long-term economic development,
23 including, but not limited to, resource depletion, plant closure,
24 industry recession, natural disaster, or military base closure.

25 (c) In evaluating applications for designation, the department
26 shall ensure that applications are not disqualified solely because
27 of technical deficiencies, and shall provide applicants with an
28 opportunity to correct the deficiencies. Applications shall be
29 disqualified if the deficiencies are not corrected within two weeks.

30 (d) (1) Except as provided in paragraph (2), or upon
31 dedesignation pursuant to subdivision (c) of Section 7076.1 or
32 Section 7076.2, a designation made by the department shall be
33 binding for a period of 15 years from the date of the original
34 designation.

35 (2) The designation period for any zone designated pursuant to
36 either Section 7073 or 7085 prior to 1990 may total 20 years,
37 subject to possible dedesignation pursuant to subdivision (c) of
38 Section 7076.1 or Section 7076.2, if the following requirements
39 are met:

1 (A) The zone receives a superior or passing audit pursuant to
2 subdivision (c) of Section 7076.1.

3 (B) The local jurisdictions comprising the zone submit an
4 updated economic development plan to the department justifying
5 the need for an additional five years by defining goals and
6 objectives that still need to be achieved and indicating what actions
7 are to be taken to achieve these goals and objectives.

8 (e) (1) Notwithstanding any other provision of law, any area
9 designated as an enterprise zone pursuant to Chapter 12.8
10 (commencing with Section 7070) as it read prior to January 1,
11 1997, or as a targeted economic development area, neighborhood
12 economic development area, or program area pursuant to Chapter
13 12.9 (commencing with Section 7080) as it read prior to January
14 1, 1997, or any program area or part of a program area deemed
15 designated as an enterprise zone pursuant to Section 7085.5 as it
16 read prior to January 1, 1997, shall be deemed to be designated as
17 an enterprise zone pursuant to this chapter. The effective date of
18 designation of the enterprise zone shall be that of the original
19 designation of the enterprise zone pursuant to Chapter 12.8
20 (commencing with Section 7070) as it read prior to January 1,
21 1997, or of the program area pursuant to Chapter 12.9
22 (commencing with Section 7080) as it read prior to January 1,
23 1997, and in no event may the total designation period exceed 15
24 years, except as provided in paragraph (2) of subdivision (d).

25 (2) Notwithstanding any other provision of law, any enterprise
26 zone authorized, but not designated, pursuant to Chapter 12.8
27 (commencing with Section 7070) as it read prior to January 1,
28 1997, shall be allowed to complete the application process started
29 pursuant to that chapter, and to receive final designation as an
30 enterprise zone pursuant to this chapter.

31 (3) Notwithstanding any other provision of law, any expansion
32 of a designated enterprise zone or program area authorized pursuant
33 to Chapter 12.8 (commencing with Section 7070) as it read prior
34 to January 1, 1997, or Chapter 12.9 (commencing with Section
35 7080) as it read prior to January 1, 1997, shall be deemed to be
36 authorized as an expansion for a designated enterprise zone
37 pursuant to this chapter.

38 (4) No part of this chapter may be construed to require a new
39 application for designation by an enterprise zone designated
40 pursuant to Chapter 12.8 (commencing with Section 7070) as it

1 read prior to January 1, 1997, or a targeted economic development
2 area, neighborhood economic development area, or program area
3 designated pursuant to Chapter 12.9 (commencing with Section
4 7080) as it read prior to January 1, 1997.

5 (f) Notwithstanding any other provision of law, a city, county,
6 or city and county may designate a joint powers authority to
7 administer the enterprise zone.

8 (g) This section shall only apply to enterprise zone applications
9 for which the department has issued a solicitation for new
10 enterprise zone designations prior to January 1, 2007.

11 *SEC. 19. Section 7079 of the Government Code is amended to*
12 *read:*

13 7079. Notwithstanding any other provision of law, the Office
14 of Small Business, *within the Economic and Employment*
15 *Development Department*, shall establish regulations for loans and
16 loan guarantees administered by the office that give high priority
17 to businesses in a designated enterprise zone.

18 *SEC. 20. Section 7081 of the Government Code is amended to*
19 *read:*

20 7081. Notwithstanding any other provision of state law, and
21 to the extent permitted by federal law, the *Economic and*
22 *Employment Development Department* and the State Department
23 of Education shall give high priority to the training of unemployed
24 individuals who reside in a targeted employment area or a
25 designated enterprise zone. The department may assist localities
26 in designating local business, labor, and education consortia to
27 broker activities between the employment community and
28 educational and training institutions. Any available discretionary
29 funds may be used to assist the creation of those consortia.

30 *SEC. 21. Section 7082 of the Government Code is amended to*
31 *read:*

32 7082. Notwithstanding any other provision of law, the ~~Office~~
33 ~~of Criminal Justice Planning~~ *California Emergency Management*
34 *Agency* shall give high priority to designated enterprise zones in
35 the allocation of its program resources.

36 *SEC. 22. Section 7085 of the Government Code is amended to*
37 *read:*

38 7085. (a) Notwithstanding Section 7550.5, the department
39 shall submit a report to the Legislature every five years beginning
40 January 1, 1998, that evaluates the effect of the program on

1 employment, investment, and incomes, and on state and local tax
2 revenues in designated enterprise zones. The report shall include
3 a department review of the progress and effectiveness of each
4 enterprise zone, including, but not limited to, any efforts made
5 regarding training of unemployed individuals pursuant to Section
6 7081. The *Economic and Employment Development Department*
7 shall, for the purposes of the report, provide the department with
8 existing data on unemployed individuals receiving training. The
9 Franchise Tax Board shall make available to the department and
10 the Legislature aggregate information on the dollar value of
11 enterprise zone tax credits that are claimed each year by businesses.

12 (b) An enterprise zone governing body shall provide information
13 at the request of the department as necessary for the department
14 to prepare the report required pursuant to subdivision (a).

15 *SEC. 23. Section 7086 of the Government Code is amended to*
16 *read:*

17 7086. (a) The department shall design, develop, and make
18 available the applications and the criteria for selection of enterprise
19 zones pursuant to Section 7073 and shall adopt all regulations
20 necessary to carry out this chapter.

21 (b) The department shall adopt regulations concerning the
22 designation procedures and application process as emergency
23 regulations in accordance with Chapter 3.5 (commencing with
24 Section 11340) of Part 1 of Division 3 of Title 2. The adoption of
25 the regulations shall be deemed to be an emergency and necessary
26 for the immediate preservation of the public peace, health and
27 safety, or general welfare, notwithstanding subdivision (e) of
28 Section 11346.1. Notwithstanding subdivision (e) of Section
29 11346.1, the regulations shall not remain in effect more than 120
30 days unless the department complies with all provisions of Chapter
31 3.5 as required by subdivision (e) of Section 11346.1.

32 (c) The Department of General Services, with the cooperation
33 of the *Economic and Employment Development Department*, ~~the~~
34 ~~Department of Industrial Relations, and the Office of Planning and~~
35 ~~Research, and under the direction of the State and Consumer~~
36 ~~Services Agency,~~ shall adopt appropriate rules, regulations, and
37 guidelines to implement Section 7084.

38 (d) The department shall adopt regulations governing the
39 imposition and collection of fees pursuant to subdivision (c) of
40 Section 7076, and the issuance of certificates pursuant to

subdivision (j) of Section 17053.47 of, subdivision (c) of Section 17053.74 of, subdivision (c) of Section 23622.7 of, or subdivision (i) of Section 23622.8 of, the Revenue and Taxation Code. The regulations shall provide for a notice or invoice to fee payers as to the amount and purpose of the fee. The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall remain in effect for no more than 360 days unless the agency complies with all the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 as required by subdivision (e) of Section 11346.1.

SEC. 24. Section 7114.5 of the Government Code is amended to read:

7114.5. (a) The department shall provide, as a high priority, to a designated local agency military base recovery area *the following*:

(1) Technical assistance for state and federal grant applications as requested by the governing body.

(2) Technical assistance for small business loans through the State of California and the federal government as requested by the governing body.

(b) ~~The California Environmental Protection Agency State licensing and regulatory bodies~~ shall provide, as a high priority, to a designated local agency military base recovery area technical permit assistance for those permits that fall under the jurisdiction of the agency as requested by the governing body.

(c) The Office of Permit Assistance, *with the assistance of the Economic and Employment Development Department*, shall provide, as a high priority, to a designated local agency military base recovery area technical assistance on permits as requested by the governing body.

SEC. 25. Section 7117 of the Government Code, as added by Section 3 of Chapter 1012 of the Statutes of 1998, is amended to read:

7117. Notwithstanding any other provision of law, the Office of Small Business, *within the Economic and Employment Development Department*, shall establish regulations for loans and loan guarantees administered by the office that give high priority to businesses in a local agency military base recovery area.

1 *SEC. 26. Section 7280.6 of the Government Code is amended*
2 *to read:*

3 7280.6. The provisions of this chapter shall be administered
4 by, and payments shall be disbursed through, the Department of
5 *Economic and* Employment Development, in addition to any other
6 functions or duties which are imposed upon it by law.

7 *SEC. 27. Section 7280.8 of the Government Code is amended*
8 *to read:*

9 7280.8. The Director of the Department of *Economic and*
10 Employment Development, or his designee, shall certify to
11 employers such veterans as certified trainees under this chapter as
12 he or his designee shall deem to be qualified for training in
13 employment by such employer. The director or his designee, when
14 certifying trainees to employers, shall make every effort to insure
15 that at least 50 percent of the certified trainees reside in
16 economically disadvantaged areas, as such term is defined in
17 Section 9111 of the Unemployment Insurance Code.

18 *SEC. 28. Section 7281.4 of the Government Code is amended*
19 *to read:*

20 7281.4. Such portion of the funds appropriated each year by
21 the Legislature for the purposes of this chapter as the Director of
22 the Department of *Economic and* Employment Development shall
23 determine may be used for advertising and mailing costs to inform
24 employers in the state of the provisions of this chapter and any
25 other programs for unemployed Vietnam veterans.

26 *SEC. 29. Section 8684.2 of the Government Code is amended*
27 *to read:*

28 8684.2. (a) It is the intent of the Legislature:

29 (1) To provide the Governor with appropriate emergency powers
30 in order to enable utilization of available emergency funding to
31 provide guarantees for interim loans to be made by lending
32 institutions, in connection with relief provided for those persons
33 affected by disasters or a state of emergency in affected areas
34 during periods of disaster relief assistance, for the purpose of
35 supplying interim financing to enable small businesses to continue
36 operations pending receipt of federal disaster assistance.

37 (2) That the Governor should utilize this authority to prevent
38 business insolvencies and loss of employment in areas affected by
39 these disasters.

1 (b) In addition to the allocations authorized by Section 8683
2 and the loan guarantee provisions of Section 14030.1 of the
3 Corporations Code, the Governor may allocate funds made
4 available for the purposes of this chapter, in connection with relief
5 provided, in affected areas during the period of federal disaster
6 relief, to the Small Business Expansion Fund for use by the Office
7 of Small Business, pursuant to Chapter 1 (commencing with
8 Section 14000) of Part 5 of Division 3 of Title 1 of the
9 Corporations Code, to provide guarantees for low-interest interim
10 loans to be made by lending institutions for the purpose of
11 providing interim financing to enable small businesses that have
12 suffered actual physical damage or significant economic losses,
13 as a result of the disaster or state of emergency for which funding
14 under this section is made available, to continue or resume
15 operations pending receipt of loans made or guaranteed by the
16 federal Small Business Administration. The maximum amount of
17 any loan guarantee funded under this paragraph shall not exceed
18 two hundred thousand dollars (\$200,000). Each loan guarantee
19 shall not exceed 95 percent of the loan amount, except that a loan
20 guarantee may be for 100 percent of the loan amount if the
21 applicant can demonstrate that access to business records pertinent
22 to the loan application has been precluded by official action
23 prohibiting necessary reentry into the affected business premises
24 or that those business records pertinent to the loan application have
25 been destroyed. The term of the loan shall be determined by the
26 lending institution providing the loan or shall be made payable on
27 the date the proceeds of a loan made or guaranteed by the federal
28 Small Business Administration with respect to the same damage
29 or loss are made available to the borrower, whichever event first
30 occurs.

31 (c) Loan guarantees for which the initial 12-month term has
32 expired and for which an application for disaster assistance funding
33 from the federal Small Business Administration is still pending
34 may be extended until the Small Business Administration has
35 reached a final decision on the application. Applications for interim
36 loans shall be processed in an expeditious manner. Wherever
37 possible, lending institutions shall fund nonconstruction loans
38 within 60 calendar days of application. Loan guarantees for loans
39 that have been denied funding by the federal Small Business
40 Administration, may be extended by the financial institution

provided that the loan is for no longer than a maximum of seven years, if the business demonstrates the ability to repay the loan with an extended loan term, and a new credit analysis is provided. All loans extended under this provision shall be repaid in installments of principal and interest, and be fully amortized over the term of the loan. Nothing in this section shall preclude the lender from charging reasonable administrative fees in connection with the loan.

(d) Allocations pursuant to this section shall, for purposes of all provisions of law, be deemed to be for extraordinary emergency or disaster response operation costs, as provided in Section 8690.6, incurred by state employees assigned to work on the financial development corporation program.

(e) ~~The Business, Transportation and Housing Agency~~ *Economic and Employment Development Department* may adopt regulations to implement the loan guarantee program authorized by this section. The agency may adopt these regulations as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3, and for purposes of that chapter, including Section 11349.6, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall be repealed within 180 days after their effective date unless the ~~agency~~ *department* complies with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3, as provided in subdivision (e) of Section 11346.1.

(f) Within 60 days of the conclusion of the period for guaranteeing loans under any small business disaster loan guarantee program conducted for a disaster as authorized by Section 8684.2, or Section 14075 of the Corporations Code, the ~~agency~~ *Office of Small Business* shall provide a report to the Legislature on loan guarantees approved and rejected by gender, ethnic group, type of business and location, and each participating loan institution.

SEC. 30. Chapter 1.5 (commencing with Section 12095) of Part 2 of Division 3 of Title 2 of the Government Code is repealed.

SEC. 31. Section 13994 of the Government Code is amended to read:

13994. Unless the context otherwise requires, the definitions in this section govern the construction of this chapter.

1 ~~(a) “Agency” means the Business, Transportation and Housing~~
2 ~~Agency.~~

3 ~~(b)~~

4 (a) “California-based foundation” means an organization defined
5 in the Internal Revenue Code as a private foundation, which is
6 incorporated in, and primarily conducts its activities within, the
7 state and receives funding in whole or in substantial part from
8 California-based companies.

9 ~~(e)~~

10 (b) “Collaborative research” means technological or scientific
11 research that accelerates existing research toward the
12 commercialization of products, processes, and services, and is
13 conducted jointly or funded jointly by some or all of the following:

14 (1) The private sector, including intraindustry groups,
15 California-based private foundations, industry associations, and
16 nonprofit cooperative associations.

17 (2) The federal government.

18 (3) The state.

19 (4) Public or private universities, colleges, and laboratories.

20 (d) “Consortia” means jointly funded or jointly operated
21 nonprofit independent research and development organizations.

22 “Consortia development” means the establishment of consortia to
23 manage and fund a variety of technology transfer projects within
24 a specific technology or industry priority.

25 ~~(e)~~

26 (c) “Executive director” means the executive director of the
27 Office of Technology and Innovation.

28 (d) “Industry association” is a nonprofit organization with a
29 substantial presence in California whose membership consists in
30 whole or in part of California-based companies, and whose funding
31 is derived in whole or in part from California-based companies.

32 ~~(f)~~

33 (e) “Information technology” includes, but is not limited to, all
34 electronic technology systems and services, automated information
35 handling, system design and analysis, conversion of data, computer
36 programming, information storage and retrieval,
37 telecommunications that include voice, video, and data
38 communications, requisite system controls, simulation, electronic
39 commerce, and all related interactions between people and
40 machines.

1 ~~(g)~~

2 (f) “Nonprofit cooperative association” means an association,
3 organized and operating pursuant to either Chapter 1 (commencing
4 with Section 54001) of Division 20 of the Food and Agricultural
5 Code or Part 2 (commencing with Section 12200) of Division 3
6 of Title 1 of the Corporations Code.

7 (g) “Office” means the Office of Technology and Innovation.

8 (h) “Technology” includes, but is not limited to, the application
9 of science and engineering to research and development, especially
10 for industrial or commercial objectives, in sectors that include
11 telecommunications, information technologies, electronics,
12 biochemistry, medicine, agriculture, transportation, space, and
13 aerospace.

14 (i) “Technology transfer” means the movement of the results
15 of basic or applied technological or scientific research to the design,
16 development, and production of new or improved products,
17 services, or processes.

18 SEC. 32. *Section 13994.1 of the Government Code is amended*
19 *to read:*

20 13994.1. (a) (1) There is within the ~~agency~~ office the Regional
21 Technology Alliance Program. The intent of the regional
22 technology alliances is to decentralize the delivery of services and
23 resources, programs and activities for technology development,
24 commercialization, application, and competitiveness at a regional
25 level.

26 (2) The ~~agency~~ executive director may designate new regional
27 technology alliances upon application to carry out activities
28 described in this section.

29 (3) The ~~agency~~ executive director may establish criteria for
30 designation that includes, but need not be limited to, criteria
31 previously established by the Defense Conversion Council pursuant
32 to Article 3.7 (commencing with Section 15346) of Chapter 1, as
33 it read on December 31, 1998.

34 (b) Each alliance shall perform the following activities:

35 (1) Raise and leverage funds from multiple public and private
36 sources to support technology development, commercialization,
37 and application and industry competitiveness particularly in
38 response to defense industry conversion and diversification.

39 (2) Assist in the formation of new businesses.

1 (3) Maintain an electronic network and access to databases that
2 encourages business ventures.

3 (4) Coordinate with activities and efforts of industry, academia,
4 federal laboratories, and governments.

5 (5) Recommend administrative actions or programs that could
6 assist California's defense-dependent industries to successfully
7 convert to commercial markets.

8 (6) Provide information about state and federal defense
9 conversion programs, including, but not limited to, job training,
10 economic development, industrial modernization, dual-use
11 technology, new management techniques, and technology
12 development and transfer.

13 (7) Identify emerging industries that may include commercial
14 space applications, transportation, environment, high performance
15 computing and communications, biotechnology and advanced
16 materials, and processing and critical existing industries.

17 (c) Each alliance may also perform, but need not be limited to,
18 the following activities:

19 (1) Assist in identifying businesses that could benefit from
20 defense conversion programs and defense-dislocated workers who
21 require employment and training opportunities.

22 (2) Assist and provide coordination in determining job
23 opportunities within and outside of the defense industry for which
24 displaced workers could be retrained and placed.

25 (3) Serve as a forum for industrywide networking linking
26 producers, suppliers, and consumers.

27 (4) Assist individual businesses and industry consortia in
28 applying for state and federal defense conversion program funds.

29 (5) Provide information and assistance in upgrading individual
30 businesses and industrywide production and management
31 processes.

32 (6) Provide information on available state and federal resources
33 to aid businesses and workers affected by defense spending
34 reductions, base closures, plant closures, and layoffs, to foster
35 long-term economic vitality, industrial growth, and job
36 opportunities.

37 (d) Each alliance is encouraged to develop activities that achieve
38 the following results:

39 (1) Creation and retention of jobs.

40 (2) Creation of new businesses.

- 1 (3) Development of new commercial or dual-use products.
- 2 (4) Establishment of industry partnerships and consortia.
- 3 (5) Demonstration of productivity enhancement such as return
- 4 on investment, reduced cost, employee training, and upgrades.
- 5 (6) Establishment of public and private partnerships.
- 6 (7) Commitment of industry support, participation, and capital.
- 7 (8) Leverage of state funds.
- 8 (9) Loan repayment ratio.
- 9 (10) Participation of small businesses and minority-, women-,
10 and disabled veteran-owned businesses.
- 11 (11) Workforce training.

12 (e) ~~The agency~~ *executive director* shall be authorized to enter
13 into a contract for services with any alliance to provide services
14 to the office. These contracts shall be sole source contracts, and
15 exempt from the competitive bid process.

16 (f) During the first two years following selection of an alliance,
17 the alliance shall monitor the performance of any application
18 funded pursuant to Section 13994.2, and each invoice for payment
19 shall be reviewed and approved by the alliance, but the contract
20 for services shall be directly between the agency and the entity
21 receiving grant funding. Commencing with the third year of
22 designation, any alliance with procedures and processes approved
23 by ~~the agency~~ *executive director* shall be authorized to directly
24 contract with grant recipients. ~~The agency~~ *executive director* shall
25 audit these grants on a regular basis.

26 *SEC. 33. Section 13994.5 of the Government Code is amended*
27 *to read:*

28 13994.5. (a) In awarding technology transfer grants, ~~the agency~~
29 *executive director* shall consider the following:

- 30 (1) The likelihood of commercialization of a product, service,
31 or process.
- 32 (2) The potential impact on the state's economy.
- 33 (3) The cost-effectiveness of the project.
- 34 (4) The importance of state funding for the viability of the
35 project.
- 36 (5) Cost sharing by other participants.
- 37 (6) The involvement of small businesses and minority-, disabled
38 veteran-, and women-owned businesses.
- 39 (7) Projects that will result in a prototype by the end of the grant
40 period.

(8) Other criteria that the agency determines are consistent with the purposes of the program.

(b) The ~~agency~~ *executive director* shall target industries and technologies with a potential for enhancing the California economy, and shall fund projects within those industries and utilizing those technologies.

SEC. 34. Section 13994.6 of the Government Code is amended to read:

13994.6. Technology transfer projects may include reasonable overhead costs incurred by a research institute and related to the project that shall not exceed the allowable federal overhead costs for research. All other projects may include any costs authorized by the principal funding ~~agency~~ *executive director*, and not precluded by state requirements.

SEC. 35. Section 13994.8 of the Government Code is amended to read:

13994.8. (a) The ~~agency~~ *executive director* may obtain scientific and technological expertise as needed to provide advice and input on the program, the establishment of targeted technologies and industries, the review of grant applications, and the review of project performance.

(b) The ~~agency~~ *executive director* may award funds over a multiyear period to a grantee without requiring the grantee to reapply, so long as the funds in multiple years are utilized for the same project originally funded.

SEC. 36. Section 13994.9 of the Government Code is amended to read:

13994.9. (a) Notwithstanding Sections 13994.2, 13994.3, 13994.4, and 13994.5, and the regulations implementing this chapter, the ~~secretary~~ *executive director* may award discretionary technology transfer grants totaling not more than 5 percent or one hundred thousand dollars (\$100,000), whichever is greater, of the funds appropriated each year for this program.

(b) Notwithstanding Sections 13994.2, 13994.3, 13994.4, 13994.5, and subdivision (a) of this section, the ~~secretary~~ *executive director* may award up to 15 percent of the funds appropriated for a given fiscal year for consortia development projects that do not have private sector match but will have private sector match within six months from the date of the award of funding. For purposes of this subdivision, “private sector match” means a cash or in-kind

1 contribution available for expenditure or use to a consortium
2 development project. If, after six months, no private sector match
3 is available, funding under the program shall cease and all moneys
4 previously received shall be returned to the state.

5 *SEC. 37. Section 13994.11 of the Government Code is amended*
6 *to read:*

7 13994.11. The ~~agency~~ office shall report on this program to
8 the Governor and the Legislature.

9 *SEC. 38. Section 13994.12 of the Government Code is amended*
10 *to read:*

11 13994.12. There is hereby established within the ~~agency~~ office
12 the Technology Planning Program. The program shall provide
13 grants and technical assistance to California nonprofit organizations
14 and public entities working within specific industries to identify
15 conversion or expansion projects. Grants may be awarded in the
16 areas of strategic planning and strategic alliances. The program
17 shall award grants based upon a competitive application process
18 addressing the project's eligibility, a review of the proposal's
19 scientific and technological aspects, and ability to fulfill goals of
20 the program. Priority shall be given to those projects with the
21 identified support of industry representatives, matching funding,
22 projects likely to receive federal funds requiring matching funds,
23 and any other criteria determined by the ~~agency~~ office. A project
24 example is a joint effort to develop and commercialize
25 defense-related technologies by federal laboratories, universities,
26 and companies in close geographical proximity.

27 *SEC. 39. Section 13996 of the Government Code is amended*
28 *to read:*

29 13996. Unless the context otherwise requires, the definitions
30 in this section govern the construction of this chapter.

31 (a) ~~"Agency" means the Business, Transportation and Housing~~
32 ~~Agency.~~

33 (b)

34 (a) "Consortia" means jointly funded or jointly operated
35 nonprofit independent research and development organizations.
36 "Consortia development" means the establishment of consortia to
37 manage and fund a variety of projects within a specific technology
38 or industry priority.

39 (e)

1 (b) “Department” means the Economic and Employment
2 Development Department.

3 (c) “Executive director” means the person designated by the
4 Director of the Economic and Employment Development
5 Department to lead the Office of Technology and Innovation.

6 (d) “Industry association” means a nonprofit organization with
7 a substantial presence in California whose membership consists
8 in whole or in part of California-based companies, and whose
9 funding is derived in whole or in part from California-based
10 companies.

11 ~~(d)~~
12 (e) “Manufacturing technology” means the assessment and
13 implementation of strategies designed to enhance the
14 competitiveness and viability of specific manufacturing industries.

15 ~~(e) “Secretary” means the Secretary of Business, Transportation~~
16 ~~and Housing.~~

17 (f) “Office” means the Office of Technology and Innovation
18 within the Economic and Employment Development Department.

19 ~~(f)~~
20 (g) “Strategic technology” means the utilization of technology
21 as an economic development tool.

22 ~~(g)~~
23 (h) “Technology planning” means industry specific alliances to
24 identify planning strategies and strategic alliances.

25 ~~(h)~~
26 (i) “Technology transfer” means the movement of the results
27 of applied technology or scientific research to the design
28 development and production of new or improved products, services,
29 or processes, including the utilization of results of a military or
30 defense-related technology to the development or production of
31 commercial applications.

32 SEC. 40. Section 13996.1 of the Government Code is amended
33 to read:

34 13996.1. The ~~agency department~~ shall adopt regulations to
35 implement the programs authorized in this chapter. The agency
36 shall adopt these regulations as emergency regulations in
37 accordance with Chapter 3.5 (commencing with Section 11340)
38 of Part 1, and for purposes of that chapter, including Section
39 11349.6, the adoption of the regulations shall be considered by the
40 Office of Administrative Law to be necessary for the immediate

1 preservation of the public peace, health and safety, and general
2 welfare. Notwithstanding subdivision (e) of Section 11346.1, the
3 regulations shall be repealed within 180 days after their effective
4 date, unless the agency complies with Chapter 3.5 (commencing
5 with Section 11340) of Part 1 as provided in subdivision (e) of
6 Section 11346.1.

7 *SEC. 41. Section 13996.2 of the Government Code is amended*
8 *to read:*

9 13996.2. There is hereby established within the ~~agency the~~
10 ~~Manufacturing Technology Program~~ *department the Office of*
11 *Technology and Innovation. The office is responsible for*
12 *administering the Manufacturing Technology Program and the*
13 *Regional Technology Alliance Program. The—program*
14 *Manufacturing Technology Program* shall provide matching grants
15 and technical assistance to California nonprofit organizations and
16 public agencies to perform one or more of the following functions:

17 (a) Establish and fund a California manufacturers excellence
18 program.

19 (b) Develop and disseminate an inventory of resources available
20 to assist manufacturers.

21 (c) Implement a strategy for addressing needs identified in the
22 statewide California Manufacturing Excellence Program Plan,
23 given available resources.

24 (d) Projects resulting in consortia partnership or alliances for
25 manufacturing technology.

26 *SEC. 42. Section 13996.45 of the Government Code is amended*
27 *to read:*

28 13996.45. (a) (1) Subject to paragraph (2), and subject to
29 Section 13996.75, the ~~Business, Transportation and Housing~~
30 ~~Agency Office of Trade and Investment within the Economic and~~
31 ~~Employment Development Department~~ shall be the primary state
32 agency authorized to do all of the following:

33 (A) Attract employment-producing foreign investment to the
34 state.

35 (B) Cooperate in international public infrastructure projects.

36 (C) Provide support for California business in accessing
37 international markets, including, but not limited to, export
38 assistance.

39 (D) Engage in other trade or foreign investment related activities
40 specifically assigned by the Governor.

(2) Nothing in this chapter shall be construed to confer powers or impose duties upon the agency in conflict with any powers conferred or duties imposed upon the Department of Food and Agriculture with respect to the promotion of California agriculture, fish, and forest exports.

(b) The international trade and investment activities of the agency shall be monitored by the Legislature, and all public moneys in its budget expended for those purposes, shall be subject to approval by the Legislature.

(c) ~~The Secretary of Business, Transportation and Housing~~ *Executive Director of the Office of Trade and Investment at the Economic and Employment Development Department* shall develop an international trade and investment policy, which shall be consistent with the *state* economic development strategic plan prepared by the ~~California Economic Strategy Panel~~ pursuant to Section 15570, and shall provide guidance to strategies and plans from other agencies and departments related to workforce and infrastructure development.

(d) California's international trade and investment policy shall be directed through its state strategy, which shall be based on current and emerging market conditions and the needs of investors, businesses, and workers to be competitive in global markets.

SEC. 43. Section 13996.5 of the Government Code is amended to read:

13996.5. (a) Not later than October 1, 2007, ~~the Secretary of Business, Transportation and Housing~~ *Executive Director of the Office of Trade and Investment at the Economic and Employment Development Department* shall complete a study on the potential roles of the state in global markets.

(b) The study shall include, but not be limited to, all of the following:

(1) A discussion of California's economy and its relationship to global markets, including identification of current and emerging trends, industries, services, and areas of comparative advantage.

(2) An inventory and gap analysis of existing programs and services provided by local, state, federal, and private entities, which serve, or could serve, businesses in opening new foreign markets for their products, attracting foreign investment to their businesses, or generally assisting California businesses in global markets.

1 (3) An assessment and gap analysis of the current and future
2 physical and human infrastructure related to foreign trade and
3 investment markets, and the appropriate role for state government
4 to improve the infrastructure needs.

5 (4) The results of a survey of businesses on their needs and
6 priorities related to foreign trade and investment. The study may
7 rely on current surveys prepared by trade organizations or academic
8 centers dedicated to economic development, or other surveys, as
9 appropriate.

10 (5) An examination of how best to coordinate and leverage
11 existing local, state, and federal organizations, programs, and
12 services related to international trade and investment.

13 (6) An assessment of unique opportunities and challenges in
14 developing businesses and attracting investment along the border
15 and in historically underserved urban and rural areas.

16 (c) (1) The study shall make recommendations on policies,
17 programs, and funding needs for the next three years, seven years,
18 and over the long term.

19 (2) Recommendations may include infrastructure improvements,
20 workforce training needs, incentives for business or investors, and
21 need for international trade and investment offices in relation to
22 the international trade and investment needs of the state.

23 (3) To the extent international trade and investment offices are
24 found to be appropriate, the study may make general
25 recommendations on the administration, oversight, and mission
26 or missions of the offices.

27 (4) The study shall recommend priorities for state activities and
28 funding related to international trade and investment. The priorities
29 shall be based on the assessment of current and emerging market
30 trends, the inventory and gap analysis of programs and services,
31 the assessment of current and future infrastructure and workforce
32 needs, and input by the business community.

33 (5) The study shall recommend an organizational structure for
34 the state administration of international trade and investment
35 policies, programs, and services.

36 (d) During the course of the study, the secretary shall consult
37 with other agencies, boards, and commissions that have statutory
38 responsibilities related to workforce development, infrastructure,
39 business, and international trade and investment including, but not
40 limited to, ~~the Economic Strategy Panel, the Economic and~~

1 *Employment Development Department*, the California Commission
2 on Industrial Innovation, the Office of the Small Business
3 Advocate, the California Transportation Commission, the
4 California Community Colleges, the University of California, the
5 California State University, the Workforce Investment Board, the
6 Employment Training Panel, and the California Energy
7 Commission.

8 (e) The results of the study shall be submitted to the Chief Clerk
9 of the Assembly and the Secretary of the Senate. A copy of the
10 study shall be provided to the Speaker of the Assembly, the
11 President pro Tempore of the Senate, and the chairs of the
12 Assembly Committee on Jobs, Economic Development, and the
13 Economy and the Senate Committee on Business, Professions and
14 Economic Development, or the successor committees with
15 jurisdiction over international trade and economic development
16 programs.

17 *SEC. 44. Section 13996.55 of the Government Code is amended*
18 *to read:*

19 13996.55. (a) Based on the study prepared pursuant to Section
20 13996.5, the ~~Secretary of Business, Transportation and Housing~~
21 *Executive Director of the Office of Trade and Investment at the*
22 *Economic and Employment Development Panel* shall provide to
23 the Legislature, not later than February 1, 2008, a strategy for
24 international trade and investment that, at a minimum, includes
25 all of the following:

26 (1) Policy goals, objectives, and recommendations necessary
27 to implement a comprehensive international trade and investment
28 program for the State of California. This information shall be
29 provided in a fashion that clearly indicates priority within the
30 overall strategy.

31 (2) Measurable outcomes and timelines for the goals, objectives,
32 and actions for the international trade and investment program.

33 (3) Identification of impediments for achieving goals and
34 objectives.

35 (4) Identification of key stakeholder partnerships that will be
36 used in implementing the strategy.

37 (5) Identification of options for funding recommended actions.

38 (6) Identification of an international trade and investment
39 organizational structure for the state administration of international
40 trade and investment policies, programs, and services.

(b) The strategy shall be developed in consultation with the California ~~Economic Strategy Panel~~ *Economic and Employment Development Panel*. In the course of developing the strategy, the secretary shall also consult with other agencies, boards, and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment including, but not limited to, the California Commission on Industrial Innovation, the Office of the Small Business Advocate, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the California Energy Commission.

(c) The strategy shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the strategy shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(d) (1) The strategy shall be reviewed in at least one public hearing by the relevant policy and fiscal committees of each house of the Legislature. The hearings shall be held within 60 days of the strategy being submitted to the Legislature. If the strategy is submitted when the Legislature is in recess, the hearings shall occur within 60 days of the members convening.

(2) The legislative committees may make recommendations to the secretary on the strategy, and the secretary may modify the strategy accordingly.

(e) The secretary shall report to the fiscal committees of the Legislature on or before February 1, 2009, and by that date each year thereafter, on how the Governor's proposed budget relates to the strategy.

(f) The strategy shall be updated pursuant to the procedures of this section at least once every five years.

SEC. 45. Section 13996.6 of the Government Code is amended to read:

13996.6. (a) ~~The Secretary of Business, Transportation and Housing~~ *Executive Director of the Office of Trade and Investment*

1 at the Economic and Employment Development Department shall
2 convene a statewide business partnership for international trade
3 and investment no later than March 1, 2007.

4 (b) The business partnership shall include representatives from
5 small, medium, and large businesses and industries, as well as
6 nongovernmental organizations and government representatives.

7 (c) The business partnership shall advise the ~~secretary~~ executive
8 director on business needs and strategy priorities as they relate to
9 international trade and investment. This information shall be used
10 in establishing the needs and priorities in the plan developed
11 pursuant to Section 13996.5 and the strategy developed pursuant
12 to Section 13996.55, and for any other uses as determined by the
13 ~~secretary~~ executive director.

14 SEC. 46. Section 13996.65 of the Government Code is amended
15 to read:

16 13996.65. (a) (1) The ~~Secretary of Business, Transportation~~
17 ~~and Housing~~ Executive Director of the Office of Trade and
18 Investment is prohibited from establishing any international trade
19 and investment office unless the following conditions are met:

20 (A) The ~~secretary~~ executive director determines that, based on
21 a review of the international trade and investment policies and the
22 recommendations and priorities established in the international
23 trade and investment strategy developed pursuant to Section
24 13996.55, it is appropriate to consider establishing international
25 trade and investment offices.

26 (B) The ~~secretary~~ executive director prepares a separate
27 international trade and investment office strategy, that meets the
28 requirements and conditions of this section.

29 (C) The international trade and investment office strategy
30 receives statutory authorization pursuant to the requirements and
31 conditions of this section.

32 (D) The ~~secretary~~ executive director submits a business plan to
33 the Legislature, that meets the requirements of Section 13996.7.

34 (2) This chapter does not apply to any international trade and
35 investment office established pursuant to Section 13997.1.

36 (b) If the ~~secretary~~ executive director determines that opening
37 international trade and investment offices is in the best interest of
38 the state, the ~~secretary~~ executive director shall develop a strategy
39 for selecting, opening, and managing international trade and
40 investment offices.

1 (c) The international trade and investment office strategy shall
2 conform to at least all of the following requirements:

3 (1) It shall be based on the needs and priorities of California's
4 businesses.

5 (2) It shall be consistent with the resources and priorities of the
6 overall trade and investment strategy submitted to the Legislature
7 pursuant to Section 13996.55.

8 (3) It shall define the program's goals, objectives, and timelines
9 for achieving quantifiable targets. Individual offices may have
10 separate missions or play different roles within the overall
11 international trade and investment office strategy. To the extent
12 that the proposed offices are expected to assist businesses in
13 opening new markets, these activities shall be targeted primarily
14 to small- and medium-sized businesses.

15 (4) It shall outline the ~~Business, Transportation and Housing~~
16 ~~Agency's Office of Trade and Investment's~~ management and
17 oversight responsibilities, funding levels, and activities.

18 (5) It shall outline how international trade and investment office
19 locations will be selected by the ~~secretary~~ *executive director* and
20 approved by the Governor, including the general geographic
21 locations, number of offices, a process for determining how long
22 an office should remain operational, and duties undertaken by the
23 offices.

24 (6) It shall define how the offices will be funded, including
25 funding for oversight and monitoring.

26 (7) It shall consider how offices will be staffed, including
27 staffing levels and types of positions needed to operate the offices
28 proposed in the international trade and investment office strategy.

29 (8) It shall provide a conflict-of-interest policy and gift policy.

30 (9) It shall provide for the appointment of a senior level
31 international trade and investment office manager as described in
32 subdivision (c) of Section 99106.

33 (d) The international trade and investment office strategy shall
34 be submitted to the Chief Clerk of the Assembly and the Secretary
35 of the Senate. A copy of the strategy shall be provided to the
36 Speaker of the Assembly, the President pro Tempore of the Senate,
37 and the chairs of the Assembly Committee on Jobs, Economic
38 Development, and the Economy and the Senate Committee on
39 Business, Professions and Economic Development, or the successor

1 committees with jurisdiction over international trade and economic
2 development programs.

3 (e) (1) The international trade and investment office strategy
4 shall be reviewed in at least one public hearing by the relevant
5 policy and fiscal committees of each house of the Legislature. The
6 hearings shall be held within 60 days of the strategy being
7 submitted to the Legislature. If the strategy is submitted when the
8 Legislature is in recess, the hearings shall occur within 60 days of
9 the members convening.

10 (2) The legislative committees may make recommendations to
11 the ~~secretary~~ *executive director* on the strategy, and the ~~secretary~~
12 *executive director* may modify the strategy accordingly.

13 (f) The international trade and investment office strategy shall
14 be updated no less than every five years from the date that the first
15 strategy is submitted to the Chief Clerk of the Assembly and the
16 Secretary of the Senate.

17 (g) The international trade and investment office strategy shall
18 be implemented only upon statutory authorization by the
19 Legislature.

20 *SEC. 47. Section 13996.7 of the Government Code is amended*
21 *to read:*

22 13996.7. (a) Except as specified in Section 13997.1,
23 international trade and investment offices are prohibited from being
24 established except under the conditions specified in the
25 international trade and investment office strategy described in
26 Section 13996.65. Except as specified in Section 13997.1, no office
27 may be established except as provided in this chapter.

28 (b) In establishing offices pursuant to this section, the ~~secretary~~
29 *executive director* shall submit to the Legislature a business plan
30 for each proposed office, which shall include, but not be limited
31 to, all of the following:

32 (1) The mission of the office, goals, objectives, and timelines
33 for achieving quantifiable targets.

34 (2) The level of staffing and staff expertise requirements needed
35 to successfully operate the office.

36 (3) The proposed terms for the operation of the offices, including
37 the duration and oversight needed for office operations.

38 (4) How the opening of the office relates to the international
39 trade and investment office strategy and the overall international
40 trade and investment strategy.

1 (c) (1) The international trade and investment offices shall be
2 under the direction of a manager of international trade and
3 investment offices ~~within the agency~~, to be designated by the
4 ~~secretary~~ *executive director*. The manager shall be an individual
5 with experience in management and oversight of public agencies
6 or experience in international trade, investments, or global business.

7 (2) No international trade and investment office shall be opened
8 until the position of the manager of international trade and
9 investment offices is filled ~~within the agency~~.

10 (3) The position of the manager of the international trade and
11 investment offices shall be a state employee position funded and
12 staffed in a manner consistent with the international trade and
13 investment office strategy.

14 (d) (1) Each office established pursuant to this chapter shall
15 submit a report to the ~~agency~~ *Office of Trade and Investment* by
16 December 1 of each year on meeting its goals, objectives, and
17 timelines as outlined in its business plan.

18 (2) The ~~secretary~~ *executive director* shall provide a summary
19 of the reports to the relevant policy committees of each house of
20 the Legislature, as set forth in paragraph (2) of subdivision (f), by
21 the following February 1 of each year.

22 (e) The ~~agency~~ *executive director* shall conduct an annual
23 performance review of each office for the first three years of the
24 office's operation. After this term, upon the determination of the
25 ~~secretary~~ *executive director*, the performance reviews may be
26 undertaken at a longer interval, but not to exceed five years. If the
27 ~~secretary~~ *executive director* determines that an extended interval
28 is appropriate for a particular office, this shall be clearly indicated
29 in the ~~secretary's~~ *executive director's* annual report to the
30 Legislature on the activities of the offices.

31 (f) (1) The ~~secretary~~ *executive director* shall contract for an
32 independent study of the operations and effectiveness of the
33 international trade and investment offices established pursuant to
34 this section at the conclusion of the first two years of operation
35 and at four year intervals after the initial study.

36 (2) The report on the results of the study shall be submitted to
37 the Chief Clerk of the Assembly and the Secretary of the Senate
38 no later than two years after the opening of the first office pursuant
39 to this chapter. A copy of the report shall be provided to the
40 Speaker of the Assembly, the President pro Tempore of the Senate,

1 and the chairs of the Assembly Committee on Jobs, Economic
2 Development, and the Economy and the Senate Committee on
3 Business, Professions and Economic Development, or the successor
4 committees with jurisdiction over international trade and economic
5 development programs.

6 (g) International trade and investment offices shall be funded
7 only according to the international trade and investment office
8 strategy authorized pursuant to subdivision (g) of Section 13996.65,
9 except as provided for in Section 13997.1. All nonstate sources of
10 funding shall be identified on the ~~agency office~~ *Internet Web site*
11 by name and the amount contributed. The ~~agency office~~ shall be
12 responsible for all state administrative and oversight costs. The
13 agency shall also be responsible for some portion of the costs of
14 each office, not to exceed one hundred thousand dollars (\$100,000)
15 per office.

16 (h) Consistent with the international trade and investment office
17 strategy, the ~~secretary executive director~~ shall make a determination
18 by September 1 of each year that sufficient funds have been
19 appropriated in the annual Budget Act to meet its oversight and
20 management responsibilities related to the proper operation of the
21 offices. If, in the opinion of the ~~secretary executive director~~,
22 insufficient funding has been provided, the ~~secretary executive~~
23 *director* shall notify the Joint Legislative Budget Committee and
24 submit a budget change proposal to request sufficient funding.

25 *SEC. 48. Section 13996.75 of the Government Code is amended*
26 *to read:*

27 13996.75. The Controller shall not allocate any state funds to
28 the ~~Business, Transportation and Housing Agency Office of Trade~~
29 *and Investment* for international trade and investment activities if
30 any of the following conditions occur:

31 (a) The strategy for international trade and investment has not
32 been submitted to the Legislature pursuant to subdivision (a) of
33 Section 13996.55 by May 1, 2008, or the strategy update required
34 by subdivision (f) of that section has not been completed within
35 six years of the completion of the original strategy or the most
36 recent update, as applicable.

37 (b) The report to the fiscal committees of the Legislature
38 required by subdivision (e) of Section 13996.55 has not been
39 submitted by May 1 of the year in which it is due.

1 (c) The summary required by paragraph (2) of subdivision (d)
2 of Section 13996.7 has not been submitted to the Legislature by
3 May 1 of the year in which it is due.

4 (d) The determination required by subdivision (h) of Section
5 13996.7 has not been made by December 1 of the year in which
6 it is due.

7 *SEC. 49. Section 13999.1 of the Government Code is amended*
8 *to read:*

9 13999.1. For purposes of this act, the following terms have the
10 following meanings:

11 (a) ~~“Agency” means the Business, Transportation and Housing~~
12 ~~Agency.~~

13 (b)

14 (a) “Authority” means the California Spaceport Authority.

15 (c)

16 (b) “Date of designation” means the date that the spaceport
17 receives designation by the authority pursuant to Section 13999.3.

18 (d)

19 (c) “Executive director” means the Executive Director of the
20 Office of Technology and Innovation.

21 (d) “Governing body” means the governing body of a city,
22 county, city and county, special district, or joint powers authority.

23 (e) “Launch” means to place, or attempt to place, a launch
24 vehicle into a ballistic, suborbital, or orbital trajectory, into Earth
25 orbit in outer space, or otherwise into outer space, and also is a
26 means of placing a commercial, civil, or military payload into
27 Earth orbit or beyond, including all activities involved in the
28 preparation of a launch vehicle for flight, including all processing,
29 servicing, and support activities that take place at a launch site or
30 at a California mission control support site for ocean launches. A
31 “launch” begins with the arrival of the launch vehicle or payload
32 at the launch site.

33 (f) “Launch site” means a location from which a space launch
34 or operation directly associated with a space launch takes place,
35 a location at which a launch vehicle or its payload, if any, is
36 intended to land, or as defined in the Commercial Space Launch
37 Act (49 U.S.C. Sec. 70101 and following). The site includes any
38 right-of-way directly associated with the space launch or reentry
39 operations and all facilities and support infrastructure related to
40 launch, reentry, or payload processing.

1 (g) “Launch vehicle” means a vehicle specifically designed and
2 built to operate in or place a payload in the upper atmosphere or
3 outer space. “Launch vehicles” include, but are not limited to,
4 expendable space launch vehicles and reusable launch vehicles.

5 (h) “Office” means the Office of Technology and Innovation
6 within the Economic and Employment Development Department.

7 ~~(h)~~

8 (i) “Operation of a launch site” means the conduct of approved
9 safety operations at a launch site to support the launching of
10 vehicles and payloads.

11 ~~(i)~~

12 (j) “Operation of a reentry site” means the conduct of safety
13 operations at a fixed site on Earth at which a reentry vehicle and
14 its payload, if any, is intended to land.

15 ~~(j)~~

16 (k) “Payload” means an object, including, but not limited to, a
17 satellite that a licensed launch site undertakes to place into outer
18 space by means of a launch vehicle, including components of the
19 vehicle specifically designed or adopted to support that activity.

20 ~~(k)~~

21 (l) “Person” means any individual and any corporation,
22 partnership, joint venture, association, or other entity organized
23 or existing under the laws of any state or nation.

24 ~~(l)~~

25 (m) “Reentry” means the return of any launch vehicle that has
26 been placed in a ballistic, suborbital, or orbital trajectory, and its
27 payload, if any, to the Earth. “Reentry” includes all activities
28 involved in the postflight ground operations. A “reentry” ends
29 when a launch vehicle or payload, if any, has completed its descent
30 to Earth and is retrieved.

31 ~~(m)~~

32 (n) “Reentry site” means the location on Earth at which a reentry
33 is intended to occur, as defined in a license issued or transferred
34 by the United States Secretary of Transportation, and any necessary
35 support infrastructure related to reentry or payload recovery.

36 ~~(n)~~

37 (o) “Reusable launch vehicle” means a vehicle that is designed
38 to launch into an orbital or suborbital trajectory, into Earth orbit
39 in outer space, or otherwise into outer space, that returns to Earth
40 and is reused for a subsequent future launch.

1 ~~(o)~~

2 ~~(p)~~ “Secretary” means the Secretary of Business, Transportation
3 and Housing.

4 ~~(p)~~

5 ~~(q)~~ “Spaceport” means an entity that has been designated
6 pursuant to Section 13999.3.

7 *SEC. 50. Section 13999.2 of the Government Code is amended*
8 *to read:*

9 13999.2. (a) Subject to the availability of funds appropriated
10 for that purpose, the ~~Business, Transportation and Housing Agency~~
11 *office* shall implement a space enterprise development program to
12 foster activities that increase the competitiveness of space
13 enterprise in California, including, but not limited to, the
14 commercial use of space, space vehicle launches, space launch
15 infrastructure, manufacturing, applied research, technology
16 development, economic diversification, and business development.

17 (b) The ~~agency~~ *office* may contract with other state or private
18 agencies, nonprofit corporations, universities, firms, or individuals
19 for the performance of technical or specialized work, or for services
20 related to space enterprise development programs.

21 (c) The ~~secretary~~ *executive director* shall select a California
22 nonprofit corporation to assist the agency in its administration of
23 space enterprise economic development activities through
24 programs, projects, grants, partnerships, networks, and
25 collaboration. The corporation shall be selected through a
26 solicitation process established by the agency. The solicitation
27 process shall include criteria for selection of the corporation, which
28 shall include, but not be limited to, demonstrated experience in
29 space enterprise and the ability to perform space enterprise
30 development activities described in subdivision (d).

31 (d) The corporation may perform one or more of the following
32 activities, as determined contractually between the agency and the
33 corporation:

34 (1) Serve as the California Spaceport Authority with
35 responsibilities specified in Section 13999.3.

36 (2) Pursue grants from the federal government or from private
37 businesses, foundations, or individuals, for California space
38 enterprise activities, including, but not limited to, studies, services,
39 infrastructure improvements and modernization, and defense
40 transition programs, to the extent permitted by law.

1 (3) Identify science and technology trends that are significant
2 to space enterprise and the state and act as a clearinghouse for
3 space enterprise issues and information.

4 (4) Develop and implement a state strategy for applying and
5 commercializing technology to create jobs, respond to industry
6 changes, and foster innovation and competitiveness in space
7 enterprise.

8 (5) Provide information to the ~~secretary~~ *executive director*
9 relevant to changes in federal, state, and local statutes and
10 regulations that will enhance the development of space enterprise
11 in California.

12 (6) Provide information to the ~~secretary~~ *executive director*
13 regarding the development of laws, regulations, decisions, or
14 determinations affecting the economic and employment impacts
15 of space enterprise in California.

16 (7) Provide recommendations to the ~~secretary~~ *executive director*
17 for appropriate state funding mechanisms and amounts to promote
18 development of space enterprise in California, including education
19 and workforce development.

20 (8) Provide recommendations to the ~~secretary~~ *executive director*
21 in the form of strategic planning documents.

22 (9) Review applications for, and promote, the California Space
23 Enterprise Competitive Grant Program established by Section
24 13999.4.

25 (e) (1) The ~~agency office~~ and the corporation shall enter into
26 an annual contract specifying the activities to be performed by the
27 corporation.

28 (2) Pursuant to the contract, the corporation shall submit to the
29 ~~agency office~~ quarterly reports of its activities and finances. The
30 quarterly reports shall be of sufficient detail for the ~~agency office~~
31 to determine whether the corporation is in compliance with the
32 annual contract between the ~~agency office~~ and the corporation.

33 (3) The annual contract shall include conflict of interest
34 requirements developed by the ~~agency office~~.

35 (4) Failure of the corporation to comply with the conditions in
36 the annual contract, as evidenced in the quarterly reports and any
37 supplemental monitoring of the corporation by the ~~agency office~~,
38 shall result in the cancellation of the annual contract and
39 deselection of the corporation. Upon the deselection of the

1 corporation, the ~~agency~~ office shall utilize the solicitation process
2 set forth in subdivision (c) to select a replacement corporation.

3 *SEC. 51. Section 13999.4 of the Government Code is amended*
4 *to read:*

5 13999.4. (a) The California Space Enterprise Competitive
6 Grant Program is hereby established within the ~~Business,~~
7 ~~Transportation and Housing Agency~~ office to provide funding,
8 upon appropriation by the Legislature, for the development of
9 space enterprise in California. For purposes of this section, space
10 enterprise activities shall include, but are not limited to, the
11 commercial use of space, space vehicle launches, space launch
12 infrastructure, manufacturing, applied research, technology
13 development, economic diversification, and business development.
14 Entities conducting activities in California intended to improve
15 the competitiveness of space enterprise in California, including
16 public, private, educational, commercial, nonprofit, or for-profit
17 entities may apply for grants.

18 (b) (1) If program funding is appropriated by the Legislature,
19 the corporation selected pursuant to subdivision (c) of Section
20 13999.2 of this bill shall, at least annually, issue solicitations. No
21 solicitation shall be issued without the prior review and approval
22 by the ~~agency~~ office. If the corporation has not issued a solicitation
23 within 180 days of the appropriation of funds, the ~~agency~~ office
24 shall issue the solicitation.

25 (2) Solicitations developed by the corporation shall include
26 minimum eligibility and requirements. Additional requirements
27 may be added to each year's grant solicitation. The solicitation
28 shall address at least all of the following:

29 (A) Jobs created and retained by the implementation of the
30 project.

31 (B) Cost sharing by other project participants, which should
32 include at least one of the following:

33 (i) A private sector company or companies.

34 (ii) One or more foundations, industry associations, or nonprofit
35 cooperative associations, or any combination thereof.

36 (iii) In-kind support, which may include staff and facilities.

37 (iv) Federal or local government funding.

38 (C) A condition that grant funds will not be used to supplant
39 other project funds.

1 (D) A demonstration that a majority of the project will be
2 undertaken in California.

3 (E) An agreement among all project participants as to intellectual
4 property rights relative to the project.

5 (F) The potential impact on the state's economy.

6 (G) The cost-effectiveness of the project.

7 (H) The importance of state funding for the viability of the
8 project.

9 (I) A demonstration of technical feasibility and an assessment
10 of programmatic risk.

11 (c) In evaluating grant proposals, the corporation shall establish
12 an impartial review panel composed of technical and scientific
13 experts and government representatives to review grant
14 applications. The panel shall be composed of members from
15 throughout the state who are knowledgeable about activities related
16 to space enterprise. No more than 30 percent of the panel members
17 shall be government representatives, and all other members shall
18 either be actively involved in, or be technical and scientific experts
19 in activities related to, space enterprise. No more than 30 percent
20 of the panel members shall be members of, or on the board of
21 directors of, the corporation.

22 (d) (1) The review panel shall review all applications received
23 by the deadline specified in the solicitation in order to determine
24 the applications that are complete and that meet the criteria set
25 forth in the solicitation. The review panel may rely on experts who
26 are not part of the panel in order to determine compliance with
27 one or more criteria.

28 (2) All applications meeting the criteria set forth in paragraph
29 (1) shall be submitted to the ~~agency~~ office.

30 (3) The ~~agency~~ office may remove one or more applications
31 from those submitted by the review panel upon a determination
32 that the application did not meet the criteria set forth in paragraph
33 (1). The ~~agency~~ office shall rank the grant applications received
34 from the review panel, minus any applications removed by the
35 ~~agency~~ office because of failure to meet the criteria. The ranking
36 shall be based upon criteria stated in the solicitation. The ranking
37 shall include recommendations as to the amount of state funding
38 for each grant application.

1 (e) The ~~secretary~~ *executive director* shall award program grants
2 based upon the criteria set forth in paragraph (1) of subdivision
3 (d).

4 (f) The funding determination shall be transmitted to the
5 Governor and the chairpersons of the Senate and Assembly fiscal
6 committees and shall be subject to the availability of funds
7 appropriated for that purpose.

8 (g) The solicitation process set forth in this section shall not be
9 subject to Chapter 3.5 (commencing with Section 11340) of Part
10 1.

11 (h) The Legislature hereby finds and declares that the granting
12 of funds to private entities serves a public purpose by assisting an
13 industry vital to the health and welfare of the State of California.

14 *SEC. 52. Section 15570 of the Government Code is amended*
15 *to read:*

16 15570. (a) The ~~secretary~~ *director* shall lead the preparation of
17 a biennial California Economic *and Employment* Development
18 Strategic Plan. In fulfilling this duty, the ~~secretary~~ *director* shall
19 ~~do the following:~~

20 ~~(1) Review the recommendations made by the California~~
21 ~~Economic Strategy Panel in their biennial economic development~~
22 ~~strategic plan document. call on the assistance of the California~~
23 ~~Economic and Workforce Investment Board. This document shall~~
24 ~~make recommendations regarding an economic development~~
25 ~~strategic plan for the state, covering a two-year five-year time~~
26 ~~period and containing a statement of economic goals for the state,~~
27 ~~a prioritized list identifying significant issues learned from~~
28 ~~economic development strategic plan panel meetings, proposals~~
29 ~~for legislation, regulations, and administrative reforms necessary~~
30 ~~to improve the business climate and economy of the state,~~
31 ~~evaluation of the effectiveness of the state's economic development~~
32 ~~programs, a list of key industries in which the state shall focus its~~
33 ~~economic development efforts, and strategies to foster job growth~~
34 ~~and economic development covering all state agencies, offices,~~
35 ~~boards, and commissions that have economic development~~
36 ~~responsibilities.~~

37 ~~(2) Convene a biennial economic strategy panel to provide~~
38 ~~recommendations regarding a California economic development~~
39 ~~strategic plan. This panel shall conduct meetings in Sacramento,~~
40 ~~all cities of the state with populations over 500,000, and in major~~

1 cities of other regions of California as designated by the secretary.
2 The secretary shall invite ~~businesses, labor unions, organizations~~
3 ~~representing the interests of diverse ethnic and gender groups,~~
4 ~~local government leaders, academic economists and business~~
5 ~~professors, chambers of commerce and other business~~
6 ~~organizations, government agencies, and key industries to~~
7 ~~contribute to the preparation of the recommended economic~~
8 ~~strategy. These meetings shall address at least the following matters~~
9 ~~of concern:~~

10 (A) ~~Strengths and weaknesses of the California economy and~~
11 ~~the state's prospects for future economic prosperity.~~

12 (B) ~~Emerging and declining industries in California and~~
13 ~~elsewhere.~~

14 (C) ~~Effectiveness of California's economic development~~
15 ~~programs in creating and retaining jobs and attracting industries.~~

16 (D) ~~Adequacy of state and local physical and economic~~
17 ~~infrastructure.~~

18 (E) ~~Government impediments to economic development.~~

19 (F) ~~The development of a system of accountability for use in~~
20 ~~the annual state budget process and in the legislative process to~~
21 ~~measure the performance of all state policies, programs, and tax~~
22 ~~expenditures intended to stimulate the economy. In developing a~~
23 ~~system of accountability, the panel shall, by using only existing~~
24 ~~resources and without future budget augmentation made for this~~
25 ~~purpose, do all of the following:~~

26 (i) ~~Develop a standard definition of economic development.~~

27 (ii) ~~Develop, for use in state law, standard measurements of real~~
28 ~~per capita income, job growth, new business creation, private sector~~
29 ~~investment, minority entrepreneurship, and income inequality.~~

30 (iii) ~~Survey and evaluate efforts in other states to develop~~
31 ~~accountability measures for public investments in economic~~
32 ~~development.~~

33 (iv) ~~Determine whether a return on investment calculation is~~
34 ~~feasible for public investments in economic development.~~

35 (v) ~~Conduct a comparative study of various methodologies for~~
36 ~~preparing the economic development sections of a state budget,~~
37 ~~including unified functional budget, zero-based budget, and~~
38 ~~performance-based budget methodologies.~~

39 (vi) ~~Study the feasibility of statutory disclosure requirements~~
40 ~~on specified publicly funded subsidies to private sector businesses.~~

1 ~~(vii) Submit a report of its findings and recommendations~~
2 ~~regarding this subparagraph to the Legislature no later than one~~
3 ~~year after its first meeting after January 1, 2005.~~

4 ~~(b) The panel shall be composed of the following 15 members:~~

5 ~~(1) The Secretary of Labor and Workforce Development, who~~
6 ~~shall serve as chair of the panel.~~

7 ~~(2) Eight persons appointed by the Governor.~~

8 ~~(3) The Speaker of the Assembly or his or her designee.~~

9 ~~(4) The President pro Tempore of the Senate or his or her~~
10 ~~designee.~~

11 ~~(5) The Minority Leader of the Assembly or his or her designee.~~

12 ~~(6) The Minority Leader of the Senate or his or her designee.~~

13 ~~(7) One person appointed by the Speaker of the Assembly.~~

14 ~~(8) One person appointed by the Senate Committee on Rules.~~

15 ~~(c) The panel shall be representative of state government,~~
16 ~~business, labor, finance, and academic institutions, and shall be~~
17 ~~broadly reflective of the state's population as to gender, ethnicity,~~
18 ~~and geographic residence within California.~~

19 ~~At least one-half of all the persons on the panel shall be from~~
20 ~~the private sector and at least two appointments shall be from~~
21 ~~private businesses with less than 50 employees. At least two~~
22 ~~appointments shall be from rural areas of the state. Beginning~~
23 ~~January 1, 2004, appointments to the panel shall be for four-year~~
24 ~~terms, except that the Governor's appointments made pursuant to~~
25 ~~paragraph (2) of subdivision (b) shall be made as follows:~~

26 ~~(1) Four members shall be appointed on January 1, 2004, and~~
27 ~~every four years thereafter.~~

28 ~~(2) Four members shall be appointed on January 1, 2004, for a~~
29 ~~two-year term.~~

30 ~~(3) Upon the expiration of the initial appointments made~~
31 ~~pursuant to paragraph (2), four members shall be appointed on~~
32 ~~January 1, 2006, and every four years thereafter.~~

33 ~~(d)~~

34 ~~(b) The secretary~~ *director* ~~shall deliver copies of the economic~~
35 ~~strategy panel's recommended California economic development~~
36 ~~strategic plan to every constitutional officer, legislator, member~~
37 ~~of the Governor's cabinet, members of the economic development~~
38 ~~strategic plan panel, and every state agency, office, board, and~~
39 ~~commission having economic development responsibilities.~~

40 ~~(e)~~

1 (c) In each succeeding ~~two-year~~ *five-year* cycle, the ~~secretary~~
2 ~~director shall undertake this process anew, so as to~~ update the
3 economic strategy on or before October 31 of each succeeding
4 ~~second~~ *fifth* year.

5 SEC. 53. *Section 15901 of the Government Code is amended*
6 *to read:*

7 15901. (a) The Governor, utilizing his staff and the resources
8 of state ~~agencies~~ *entities*, shall transmit to the Legislature, not later
9 than April 15 of each year, an economic report to be designated
10 as the “Economic Report of the Governor” setting forth all of the
11 following:

12 (1) A review of economic developments during the preceding
13 calendar year, including trends in employment, unemployment,
14 income, construction, and major economic sectors providing a
15 measure of economic growth.

16 (2) Forecasts of trends in employment, income, and investment
17 for the coming year and trends in such major economic sectors as
18 it is feasible to project.

19 (3) Additional material on the California economy that is
20 pertinent and of general interest, with historical analysis and
21 projections of use in economic planning whenever possible.

22 (4) Insofar as possible, summaries of state policies and actions
23 that relate to the economic development of the state pursuant to
24 Section 15900.

25 (b) In conjunction with the economic report, the Governor shall
26 present an economic message reviewing significant economic
27 achievements of the past year, outlining problem areas, and
28 defining economic policy, and shall make recommendations as
29 may be appropriate for programs to further economic development
30 to increase employment, income, and investment in the state.

31 (c) The Governor may transmit from time to time to the
32 Legislature, reports supplementary to the economic report,
33 providing information on the current status of the California
34 economy and any new or revised recommendations as he deems
35 necessary or desirable to achieve the policy declared in Section
36 15900.

37 SEC. 54. *Section 63021 of the Government Code is amended*
38 *to read:*

39 63021. (a) There is within the ~~Business, Transportation and~~
40 ~~Housing Agency~~ *Economic and Employment Development*

1 *Department* the Infrastructure and Economic Development Bank
2 which shall be responsible for administering this division.

3 (b) The bank shall be under the direction of an executive director
4 appointed by the Governor, and who shall serve at the pleasure of
5 the Governor. The appointment shall be subject to confirmation
6 by the Senate.

7 *SEC. 55. Section 63021.5 of the Government Code is amended*
8 *to read:*

9 63021.5. (a) The bank shall be governed and its corporate
10 power exercised by a board of directors that shall consist of the
11 following persons:

12 (1) The Director of Finance or his or her designee.

13 (2) The Treasurer or his or her designee.

14 ~~(3) The Secretary of Business, Transportation and Housing~~
15 *Director of the Economic and Employment Development*
16 *Department* or his or her designee, who shall serve as chair of the
17 board.

18 (4) An appointee of the Governor.

19 ~~(5) The Secretary of State and Consumer Services Agency or~~
20 ~~his or her designee.~~

21 (b) Any designated director shall serve at the pleasure of the
22 designating power.

23 (c) Three of the members shall constitute a quorum and the
24 affirmative vote of three board members shall be necessary for
25 any action to be taken by the board.

26 (d) A member of the board shall not participate in any bank
27 action or attempt to influence any decision or recommendation by
28 any employee of, or consultant to, the bank that involves a sponsor
29 of which he or she is a representative or in which the member or
30 a member of his or her immediate family has a personal financial
31 interest within the meaning of Section 87100. For purposes of this
32 section, "immediate family" means the spouse, children, and
33 parents of the member.

34 (e) Except as provided in this subdivision, the members of the
35 board shall serve without compensation, but shall be reimbursed
36 for actual and necessary expenses incurred in the performance of
37 their duties to the extent that reimbursement for these expenses is
38 not otherwise provided or payable by another public agency, and
39 shall receive one hundred dollars (\$100) for each full day of
40 attending meetings of the authority.

1 *SEC. 56. Section 65054 of the Government Code is amended*
2 *to read:*

3 65054. (a) The Legislature finds and declares that it is in the
4 public interest to aid, counsel, assist, and protect, insofar as is
5 possible, the interests of small business concerns in order to
6 preserve free competitive enterprise and maintain a healthy state
7 economy.

8 (b) In order to advocate the causes of small business and to
9 provide small businesses with the information they need to survive
10 in the marketplace, there is created within the ~~Office of Planning~~
11 ~~and Research~~ *Economic and Employment Development Department*
12 the Office of Small Business Advocate.

13 ~~(c) The advocate shall post on its Internet Web site the name~~
14 ~~and telephone number of the small business liaison designated~~
15 ~~pursuant to Section 14846.~~

16 *SEC. 57. Section 65054.1 of the Government Code is amended*
17 *to read:*

18 65054.1. The following definitions apply to this article, unless
19 otherwise indicated:

20 (a) "Advocate" means the California Small Business Advocate
21 who is also the Director of the Office of Small Business Advocate.

22 (b) "Board" means the California Small Business Board.

23 ~~(b) "Director" means the Director of the Office of Small~~
24 ~~Business Advocate.~~

25 (c) "Office" means the Office of Small Business Advocate
26 *within the Economic and Employment Development Department.*

27 *SEC. 58. Section 65054.3 of the Government Code is amended*
28 *to read:*

29 65054.3. (a) The Director of the Office of Small Business
30 Advocate shall be appointed by, and shall serve at the pleasure of,
31 ~~the Governor~~ *California Small Business Board.*

32 ~~(b) The Governor shall appoint the employees that are needed~~
33 ~~to accomplish the purposes of Section 65054, this section, and~~
34 ~~Section 65054.4.~~

35 ~~(c)~~

36 (b) The duties and functions of the advocate shall include all of
37 the following:

38 (1) Serve as the principal advocate in the state on behalf of small
39 businesses, including, but not limited to, advisory participation in
40 the consideration of all legislation and administrative regulations

1 that affect small businesses, and advocacy on state policy and
2 programs related to small businesses on disaster preparedness and
3 recovery including providing technical assistance.

4 (2) Represent the views and interests of small businesses before
5 other state agencies whose policies and activities may affect small
6 business.

7 (3) Enlist the cooperation and assistance of public and private
8 agencies, businesses, and other organizations in disseminating
9 information about the programs and services provided by state
10 government that are of benefit to small businesses, and information
11 on how small businesses can participate in, or make use of, those
12 programs and services.

13 (4) Issue a report every two years evaluating the efforts of state
14 agencies and, where appropriate, specific departments that
15 significantly regulate small businesses to assist minority and other
16 small business enterprises, and making recommendations that may
17 be appropriate to assist the development and strengthening of
18 minority and other small business enterprises.

19 (5) Consult with experts and authorities in the fields of small
20 business investment, venture capital investment, and commercial
21 banking and other comparable financial institutions involved in
22 the financing of business, and with individuals with regulatory,
23 legal, economic, or financial expertise, including members of the
24 academic community, and individuals who generally represent the
25 public interest.

26 (6) Determine the desirability of developing a set of rational,
27 objective criteria to be used to define small business, and develop
28 that criteria, if appropriate.

29 (7) Seek the assistance and cooperation of all state agencies and
30 departments providing services to, or affecting, small business,
31 including the small business liaison designated pursuant to Section
32 14846, to ensure coordination of state efforts.

33 (8) Receive and respond to complaints from small businesses
34 concerning the actions of state agencies and the operative effects
35 of state laws and regulations adversely affecting those businesses.

36 (9) Counsel small businesses on how to resolve questions and
37 problems concerning the relationship of small business to state
38 government.

39 (10) Maintain, publicize, and distribute an annual list of persons
40 serving as small business ombudsmen throughout state government.

(11) Consult with the Department of Transportation in the development and administration of the Small and Emerging Contractor Technical Assistance Program established pursuant to Article 2.6 (commencing with Section 14137) of Chapter 2 of Part 5 of Division 3 of Title 2.

(12) *Oversee the state operations of programs that receive funding from the federal Small Business Development Center Program.*

(13) *Support the work of the California Small Business Board.*

SEC. 59. *Section 65054.4 of the Government Code is amended to read:*

65054.4. (a) Each agency of the state shall furnish to the advocate the reports, documents, and information that are public records and that the director deems necessary to carry out his or her functions under this chapter.

(b) The advocate shall prepare and submit a written annual report to the Governor and to the Legislature that describes the activities and recommendations of the office.

(c) The advocate may establish a centralized interactive telephone referral system to assist small and minority businesses in their operations, including governmental requirements, such as taxation, accounting, and pollution control, and to provide information concerning the agency from which more specialized assistance may be obtained. The advocate may establish and advertise a telephone number to serve this centralized interactive telephone referral system.

(d) *The advocate shall post on its Internet Web site the name and telephone number of the small business liaison designated pursuant to Section 14846.*

SEC. 60. *Section 65054.5 is added to the Government Code, to read:*

65054.5. (a) *There is in the Office of Small Business the Small Business Board.*

(b) *The board consists of the following membership:*

(1) *The Director of the Economic and Employment Development Department or his or her designee.*

(2) *Six members appointed by the Governor, one of whom will serve as chair of the board, who are actively involved in the California small business community.*

1 (3) Two persons actively involved in the business or agricultural
2 communities, one appointed by the Speaker of the Assembly and
3 one appointed by the Senate Committee on Rules.

4 (4) Two Members of the Legislature or their designees, one
5 appointed by the Speaker of the Assembly and one appointed by
6 the Senate Committee on Rules, shall serve on the board insofar
7 as it does not conflict with the duties of the legislators.

8 (c) The board shall do each of the following:

9 (1) Advise the Governor, the director, and the advocate
10 regarding issues and programs affecting California's small
11 business community, including, but not limited to, business
12 innovation and expansion, export financing, state procurement,
13 management and technical assistance, venture capital, and
14 financial assistance.

15 (2) Adopt bylaws as are required to govern the conduct and
16 operation of the board.

17 (3) Hold public hearings in order to carry out the objectives of
18 the office in regards to its responsibilities as legislative advocate
19 and ombudsman for the state's small business community.

20 (d) The public members of the board may, at the discretion of
21 the department be reimbursed per diem and travel expenses
22 pursuant to state law.

23 SEC. 61. Section 99502 of the Government Code is amended
24 to read:

25 99502. (a) ~~The Office of Planning and Research~~ office of the
26 Governor shall maintain and update, a full and comprehensive list
27 of all state agreements made with foreign governments. The list
28 shall be updated within 30 days of the effective date of each new
29 agreement. The list shall include at least all of the following:

30 (1) The dates of enactment or approval and termination.

31 (2) The agency, department, board, commission, or other
32 governmental entity responsible for implementation.

33 (3) Activities proposed.

34 (4) Expected outcomes.

35 (b) Agencies may separately maintain detailed information or
36 reports on these activities as those agencies determine to be
37 appropriate, but that information or those reports shall not be
38 deemed to meet the requirements of this section.

39 SEC. 62. Section 9101 of the Unemployment Insurance Code
40 is amended to read:

1 9101. “Department” means the *Economic and* Employment
2 Development Department, which may also be referred to as the
3 Department of *Economic and* Employment Development
4 Department.

5 SEC. 63. Section 9102 of the *Unemployment Insurance Code*
6 is amended to read:

7 9102. “Director” means the Director of *the Economic and*
8 Employment Development.

9 SEC. 64. Section 9600.5 of the *Unemployment Insurance Code*
10 is amended to read:

11 9600.5. The ~~director~~ Director of the *Economic and*
12 Employment Development Department shall report annually to
13 the Governor, the Legislature, and the California Workforce
14 Investment Board, no later than November 30, regarding the
15 training expenditures made by local workforce investment boards
16 in the prior fiscal year. The department shall specify what
17 expenditures qualify as training expenditures, including, but not
18 limited to, the price paid for classroom instruction or other training
19 opportunities, contracted services for customized training and
20 on-the-job training, development of training materials, and
21 supportive services, including case management, that enable a
22 participant to attend and complete training. The annual report shall
23 specify the total amount of federal funding provided to the state
24 and to each of the local workforce investment areas for the adult
25 and dislocated persons programs and the amount within each
26 program expended for training services.

27 SEC. 65. Section 10200 of the *Unemployment Insurance Code*
28 is amended to read:

29 10200. The Legislature finds and declares the following:

30 (a) California’s economy is being challenged by competition
31 from other states and overseas. In order to meet this challenge,
32 California’s employers, workers, labor organizations, and
33 government need to invest in a skilled and productive workforce,
34 and in developing the skills of frontline workers. For purposes of
35 this section, “frontline worker” means a worker who directly
36 produces or delivers goods or services.

37 The purpose of this chapter is to establish a strategically designed
38 employment training program to promote a healthy labor market
39 in a growing, competitive economy that shall fund only projects
40 that meet the following criteria:

1 (1) Foster creation of high-wage, high-skilled jobs, or foster
2 retention of high-wage, high-skilled jobs in manufacturing and
3 other industries that are threatened by out-of-state and global
4 competition, including, but not limited to, those industries in which
5 targeted training resources for California's small and medium-sized
6 business suppliers will increase the state's competitiveness to
7 secure federal, private sector, and other nonstate funds. In addition,
8 provide for retraining contracts in companies that make a monetary
9 or in-kind contribution to the funded training enhancements.

10 (2) Encourage industry-based investment in human resources
11 development that promotes the competitiveness of California
12 industry through productivity and product quality enhancements.

13 (3) Result in secure jobs for those who successfully complete
14 training. All training shall be customized to the specific
15 requirements of one or more employers or a discrete industry and
16 shall include general skills that trainees can use in the future.

17 (4) Supplement, rather than displace, funds available through
18 existing programs conducted by employers and government-funded
19 training programs, such as the Workforce Investment Act of 1998
20 (29 U.S.C. Sec. 2801 et seq.), the Carl D. Perkins Vocational
21 Education Act (P.L. 98-524), CalWORKs (Chapter 2 (commencing
22 with Section 11200) of Part 3 of Division 9 of the Welfare and
23 Institutions Code), the Enterprise Zone Act (Chapter 12.8
24 (commencing with Section 7070) of Division 7 of Title 1 of the
25 Government Code), and the McKinney-Vento Homeless Assistance
26 Act (42 U.S.C. Sec. 11301 et seq.), the California Community
27 Colleges Economic Development Program, or apportionment funds
28 allocated to the community colleges, regional occupational centers
29 and programs, or other local educational agencies. In addition, it
30 is further the intention of the Legislature that programs developed
31 pursuant to this chapter shall not replace, parallel, supplant,
32 compete with, or duplicate in any way already existing approved
33 apprenticeship programs.

34 (b) The Employment Training Panel, in funding projects that
35 meet the requirements of subdivision (a), shall give funding priority
36 to those projects that best meet the following goals:

37 (1) Result in the growth of the California economy by
38 stimulating exports from the state and the production of goods and
39 services that would otherwise be imported from outside the state.

1 (2) Train new employees of firms locating or expanding in the
2 state that provide high-skilled, high-wage jobs and are committed
3 to an ongoing investment in the training of frontline workers.

4 (3) Develop workers with skills that prepare them for the
5 challenges of a high performance workplace of the future.

6 (4) Train workers who have been displaced, have received
7 notification of impending layoff, or are subject to displacement,
8 because of a plant closure, workforce reduction, changes in
9 technology, or significantly increasing levels of international and
10 out-of-state competition.

11 (5) Are jointly developed by business management and worker
12 representatives.

13 (6) Develop career ladders for workers.

14 (7) Promote the retention and expansion of the state's
15 manufacturing workforce.

16 (c) The program established through this chapter is to be
17 coordinated with all existing employment training programs and
18 economic development programs, including, but not limited to,
19 programs such as the Workforce Investment Act of 1998 (29 U.S.C.
20 Sec. 2801 et seq.), the California Community Colleges, the regional
21 occupational programs, vocational education programs, joint
22 labor-management training programs, and related programs under
23 the *Economic and Employment Development Department* and the
24 *Business, Transportation and Housing Agency*.

25 *SEC. 66. Section 10201 of the Unemployment Insurance Code*
26 *is amended to read:*

27 10201. As used in this chapter:

28 (a) "Department" means the *Economic and Employment*
29 *Development Department*.

30 (b) "Employer" or "eligible employer" means any employer
31 subject to Part 1 (commencing with Section 100) of Division 1,
32 except any public entity, or any nonprofit organization which has
33 elected an alternate method of financing its liability for
34 unemployment insurance compensation benefits pursuant to Article
35 5 (commencing with Section 801), or Article 6 (commencing with
36 Section 821) of Chapter 3.

37 Any public entity or nonprofit organization that has elected an
38 alternate method of financing its liability for unemployment
39 insurance compensation benefits pursuant to Article 5
40 (commencing with Section 801), or Article 6 (commencing with

1 Section 821) of Chapter 3, shall be deemed to be an employer only
2 for purposes of placement of new hire trainees who received
3 training as an incidental part of a training project designed to meet
4 the needs of one or more private sector employers.

5 (c) “Eligible participant” means any person who, prior to
6 beginning training or employment pursuant to this chapter, is any
7 of the following:

8 (1) Unemployed and has established an unemployment insurance
9 claim in this state, or has exhausted eligibility for unemployment
10 insurance benefits from this state within the previous 24 months.

11 (2) Employed for a minimum of 90 days by his or her employer,
12 or if employed for less than 90 days, met the conditions of
13 paragraph (1) at the time of hire, had received a notice of layoff
14 from the prior employer, or was employed by an employer for a
15 period of not less than 90 days during the 180-day period prior to
16 the employee’s current employment at the start of training with
17 an eligible employer, as provided in subdivision (b). The panel
18 may waive this requirement for trainees employed by a business
19 locating or expanding operations in the state, provided it is part of
20 a state and local economic development effort endeavoring to
21 create or retain California jobs. The panel may also waive the
22 requirement for up to 10 percent of the trainee population, if it
23 determines a business meets standard funding requirements set
24 out under subdivision (a) of Section 10200.

25 (d) “Executive director” means the executive director appointed
26 pursuant to Section 10202.

27 (e) “Fund” means the Employment Training Fund created by
28 Section 1610.

29 (f) “Job” means employment on a basis customarily considered
30 full time for the occupation and industry. The employment shall
31 have definite career potential and a substantial likelihood of
32 providing long-term job security, with reportable California
33 earnings during the employment retention period. Furthermore,
34 the employment shall provide earnings, upon completion of the
35 employment requirement specified in subdivision (f) of Section
36 10209, equal to 50 percent, in the case of new hire training, or 60
37 percent, in the case of retraining, of the state or regional average
38 hourly wage. However, in no case shall the employment result in
39 earnings of less than 45 percent of the state average hourly wage
40 for new hire training and 55 percent of the state average hourly

1 wage for retraining. The panel may consider the dollar value of
2 health benefits that are voluntarily paid for by an employer when
3 computing earnings to meet the minimum wage requirements.

4 (g) “New hire training” means employment training, including
5 job-related literacy training, for persons who, at the start of training,
6 are unemployed.

7 (h) “Panel” means the Employment Training Panel created by
8 Section 10202.

9 (i) “Retraining” means employment-related skill and literacy
10 training for persons who are employed and who meet the definition
11 of paragraph (2) of subdivision (c) prior to commencement of
12 training and will continue to be employed by the same employer
13 for at least 90 days following completion of training.

14 (j) “State average hourly wage” means the average weekly wage
15 paid by employers to employees covered by unemployment
16 insurance, as reported to the Employment Development Department
17 for the four calendar quarters ending June 30 of the preceding
18 calendar year, divided by 40 hours.

19 (k) “Trainee” means an eligible participant.

20 (l) “Training agency” means any private training entity or local
21 educational agency.

22 *SEC. 67. Section 10201.5 of the Unemployment Insurance*
23 *Code is amended to read:*

24 10201.5. With respect to funding appropriated in the annual
25 Budget Act to the *Economic and* Employment Development
26 Department for allocation by the Employment Training Panel and
27 identified for training of workers in regions suffering from high
28 unemployment and low job creation, including the working poor,
29 the panel, notwithstanding subdivision (g) of Section 10201, may
30 waive the minimum wage requirements included in that subdivision
31 provided that the post-retention wage of each trainee who has
32 completed training and the required training period exceeds his or
33 her wage before and during training. This determination shall be
34 made on a case-by-case basis to ensure that post-training
35 improvements in earnings are sufficient to warrant the investment
36 of public funds.

37 *SEC. 68. Section 10202 of the Unemployment Insurance Code*
38 *is amended to read:*

39 10202. (a) The Employment Training Panel is established in
40 the *Economic and* Employment Development Department.

(b) The executive director shall be appointed by the Governor, and shall be well qualified for the position with experience in government. The executive director may perform all duties, exercise all powers, discharge all responsibilities, and administer and enforce all laws, rules, and regulations under the jurisdiction of the panel, with the approval of the panel. The executive director shall administer this chapter, with the approval of the panel, in the manner he or she deems necessary to conduct the work of the panel properly. With the approval of the panel, the executive director may create divisions and subdivisions as necessary, and change and abolish these divisions and subdivisions from time to time.

(c) The panel may employ personnel necessary to carry out the purposes of this chapter. All personnel shall be appointed pursuant to the State Civil Service Act (Part 1 (commencing with Section 18000) of Division 5 of Title 2 of the Government Code), except for an executive director, and two assistant directors, who shall be exempt from state civil service.

(d) All personnel of the panel shall be appointed, directed, and controlled only by the panel or its authorized deputies or agents to whom it may delegate its powers.

(e) The Governor shall appoint two assistant directors, to serve at the pleasure of the Governor. The assistant directors shall have the duties as assigned by the executive director, and shall be responsible to the executive director for the performance of their duties.

SEC. 69. Section 10205 of the Unemployment Insurance Code is amended to read:

10205. The panel shall do all of the following:

(a) Establish a three-year plan that shall be updated annually, based on the demand of employers for trained workers, changes in the state's economy and labor markets, and continuous reviews of the effectiveness of panel training contracts. The updated plan shall be submitted to the Governor and the Legislature not later than January 1 of each year. In carrying out this section, the panel shall review information in the following areas:

(1) Labor market information, including the state-local labor market information program in the *Economic and Employment Development Department*, ~~the California Economic Strategy Panel~~, and other relevant regional or statewide initiatives and collaboratives.

1 (2) Evaluations of the effectiveness of training as measured by
2 increased security of employment for workers and benefits to the
3 California economy.

4 (3) The demand for training by industry, type of training, and
5 size of employer.

6 (4) Changes in skills necessary to perform jobs, including
7 changes in basic literacy skills.

8 (5) Changes in the demographics of the labor force and the
9 population entering the labor market.

10 (6) Proposed expenditures by other agencies of federal
11 Workforce Investment Act funds and other state and federal
12 training and vocational education funds on eligible participants.

13 (b) Maintain a system to continuously monitor economic and
14 other data required under this plan. If this data changes significantly
15 during the life of the plan, the plan shall be amended by the panel.
16 Each plan shall include all of the following:

17 (1) The panel's objectives with respect to the criteria and
18 priorities specified in Section 10200 and the distribution of funds
19 between new-hire training and retraining.

20 (2) The identification of specific industries, production and
21 quality control techniques, and regions of the state where
22 employment training funds would most benefit the state's economy
23 and plans to encourage training in these areas, including specific
24 standards and a system for expedited review of proposals that meet
25 the standards.

26 (3) A system for expedited review of proposals that are
27 substantially similar with respect to employer needs, training
28 curriculum, duration of training, and costs of training, in order to
29 encourage the development of proposals that meet the needs
30 identified in paragraph (2).

31 (4) The panel's goals, operational objectives, and strategies to
32 meet the needs of small businesses, including, but not limited to,
33 those small businesses with 100 or fewer employees. These
34 strategies proposed by the panel may include, but not be limited
35 to, pilot demonstration projects designed to identify potential
36 barriers that small businesses may experience in accessing panel
37 programs and workforce training resources, including barriers that
38 may exist within small businesses.

1 (5) The research objectives of the panel that contribute to the
2 effectiveness of this chapter in benefiting the economy of the state
3 as a whole.

4 (6) A priority list of skills or occupations that are in such short
5 supply that employers are choosing to not locate or expand their
6 businesses in the state or are importing labor in response to these
7 skills shortages.

8 (7) A review of the panel's efforts to coordinate with the
9 California Workforce Investment Board and local boards to achieve
10 an effective and coordinated approach in the delivery of the state's
11 workforce resources.

12 (A) The panel will consider specific strategies to achieve this
13 goal that include the development of initiatives to engage local
14 workforce investment boards in enhancing the utilization of panel
15 training resources by companies in priority sectors, special
16 populations, and in geographically underserved areas of the state.

17 (B) Various approaches to foster greater program integration
18 between workforce investment boards and the panel will also be
19 considered, which may include marketing agreements, expanded
20 technical assistance, modification of program regulations and
21 policy, and expanded use of multiple employer contracts.

22 (c) Solicit proposals and write contracts on the basis of proposals
23 made directly to it. Contracts for the purpose of providing
24 employment training may be written with any of the following:

25 (1) An employer or group of employers.

26 (2) A training agency.

27 (3) A local workforce investment board with the approval of
28 the appropriate local elected officials in the local workforce
29 investment area.

30 (4) A grant recipient or administrative entity selected pursuant
31 to the federal Workforce Investment Act of 1998, with the approval
32 of the local workforce investment board and the appropriate local
33 elected officials.

34 These contracts shall be in the form of fixed-fee performance
35 contracts. Notwithstanding any provision of law to the contrary,
36 contracts entered into pursuant to this chapter shall not be subject
37 to competitive bidding procedures. Contracts for training may be
38 written for a period not to exceed 24 months for the purpose of
39 administration by the panel and the contracting employer or any

1 group of employers acting jointly or any training agency for the
2 purpose of providing employment training.

3 (d) Fund training projects that best meet the priorities identified
4 annually. In doing so, the panel shall seek to facilitate the
5 employment of the maximum number of eligible participants.

6 (e) Establish minimum standards for the consideration of
7 proposals, which shall include, but not be limited to, evidence of
8 labor market demand, the number of jobs available, the skill
9 requirements for the identified jobs, the projected cost per person
10 trained, hired, and retained in employment, the wages paid
11 successful trainees upon placement, and the curriculum for the
12 training. No proposal shall be considered or approved that proposes
13 training for employment covered by a collective bargaining
14 agreement unless the signatory labor organization agrees in writing.

15 (f) Ensure the provision of adequate fiscal and accounting
16 controls for, monitoring and auditing of, and other appropriate
17 technical and administrative assistance to, projects funded by this
18 chapter.

19 (g) Provide for evaluation of projects funded by this chapter.
20 The evaluations shall assess the effectiveness of training previously
21 funded by the panel to improve job security and stability for
22 workers, and benefit participating employers and the state's
23 economy, and shall compare the wages of trainees in the 12-month
24 period prior to training as well as the 12-month period subsequent
25 to completion of training, as reflected in the department's
26 unemployment insurance tax records. Individual project evaluations
27 shall contain a summary description of the project, the number of
28 persons entering training, the number of persons completing
29 training, the number of persons employed at the end of the project,
30 the number of persons still employed three months after the end
31 of the project, the wages paid, the total costs of the project, and
32 the total reimbursement received from the Employment Training
33 Fund.

34 (h) Report annually to the Legislature, by November 30, on
35 projects operating during the previous state fiscal year. These
36 annual reports shall provide separate summaries of all of the
37 following:

38 (1) Projects completed during the year, including their individual
39 and aggregate performance and cost.

1 (2) Projects not completed during the year, briefly describing
2 each project and identifying approved contract amounts by contract
3 and for this category as a whole, and identifying any projects in
4 which funds are expected to be disencumbered.

5 (3) Projects terminated prior to completion and the reasons for
6 the termination.

7 (4) A description of the amount, type, and effectiveness of
8 literacy training funded by the panel.

9 (5) Results of complete project evaluations.

10 (6) A description of pilot projects, and the strategies that were
11 identified through these projects, to increase access by small
12 businesses to panel training contracts.

13 (7) A listing of training projects that were funded in high
14 unemployment areas and a detailed description of the policies and
15 procedures that were used to designate geographic regions and
16 municipalities as high unemployment areas.

17 In addition, based upon its experience in administering job
18 training projects, the panel shall include in these reports policy
19 recommendations concerning the impact of job training and the
20 panel's program on economic development, labor-management
21 relations, employment security, and other related issues.

22 (i) Conduct ongoing reviews of panel policies with the goal of
23 developing an improved process for developing, funding, and
24 implementing panel contracts as described in this chapter.

25 (j) Expedite the processing of contracts for firms considering
26 locating or expanding businesses in the state, in accordance with
27 the priorities for employment training programs set forth in
28 subdivision (b) of Section 10200.

29 (k) Coordinate and consult regularly with business groups and
30 labor organizations, the California Workforce Investment Board,
31 the State Department of Education, the office of the Chancellor of
32 the California Community Colleges, and the Employment
33 Development Department.

34 (l) Adopt by regulation procedures for the conduct of panel
35 business, including the scheduling and conduct of meetings, the
36 review of proposals, the disclosure of contacts between panel
37 members and parties at interest concerning particular proposals,
38 contracts or cases before the panel or its staff, the awarding of
39 contracts, the administration of contracts, and the payment of
40 amounts due to contractors. All decisions by the panel shall be

1 made by resolution of the panel and any adverse decision shall
2 include a statement of the reason for the decision.

3 (m) Adopt regulations and procedures providing reasonable
4 confidentiality for the proprietary information of employers seeking
5 training funds from the panel if the public disclosure of that
6 information would result in an unfair competitive disadvantage to
7 the employer supplying the information. The panel may not
8 withhold information from the public regarding its operations,
9 procedures, and decisions that would otherwise be subject to
10 disclosure under the California Public Records Act (Chapter 3.5
11 (commencing with Section 6250) of Division 7 of Title 1 of the
12 Government Code).

13 (n) Review and comment on the budget and performance of any
14 program, project, or activity funded by the panel utilizing funds
15 collected pursuant to Section 976.6.

16 *SEC. 70. Section 10213 of the Unemployment Insurance Code*
17 *is amended to read:*

18 10213. The *Economic and Employment Development*
19 Department shall cooperate with the panel by offering necessary
20 technical assistance, which may include, but is not limited to, labor
21 market information, projections of occupational demand, and
22 information and advice on alternative training strategies.

23 *SEC. 71. Section 10214 of the Unemployment Insurance Code*
24 *is amended to read:*

25 10214. To assist the panel and the Legislature in assessing the
26 impact of this chapter over an extended period of time, the
27 *Economic and Employment Development Department* shall
28 develop and maintain a continuous employment, wage, and benefit
29 history of unemployment insurance participants.

30 *SEC. 72. Section 10510 of the Unemployment Insurance Code*
31 *is amended to read:*

32 10510. It is the intent of the Legislature, in enacting this
33 chapter, to establish and implement a program of comprehensive
34 and coordinated employment and training planning in California
35 in accordance with the federal ~~Job Training Partnership Act~~
36 *Workforce Investment Act*, as amended. The Legislature recognizes
37 the need for a new employment and training planning structure
38 which will provide for comprehensive analysis of alternative
39 expenditure possibilities for the fiscal resources available in this
40 field. The basic principles of the system are as follows:

1 (a) That the employment and training needs at the local, regional,
2 and state levels, be addressed.

3 (b) That the expenditure of available funds meets the needs at
4 the local level.

5 (c) That employment and training programs be integrated into
6 a uniform employment and training services planning system within
7 substate regions.

8 (d) That a uniform planning system shall coordinate employment
9 and training programs and eliminate duplication of programs
10 among state and local agencies.

11 (e) That decisionmaking be decentralized, insofar as is
12 practicable, to the governmental level closest to the people.

13 *SEC. 73. Section 10529 of the Unemployment Insurance Code*
14 *is amended to read:*

15 10529. (a) The services provided by the existing labor market
16 information system within the department shall include workforce
17 and economic information that does all of the following:

18 (1) Provides data and information to the state *Economic and*
19 *Workforce Investment Board* created pursuant to Section 2821 of
20 Title 29 of the United States Code, to enable the board to plan,
21 operate, and evaluate investments in the state's workforce
22 preparation system that will make the California economy more
23 productive and competitive.

24 (2) Provides data and information to the California Economic
25 Strategy Panel for continuous strategic planning and the
26 development of policies for the growth and competitiveness of the
27 California economy.

28 (3) Identifies and combines information from various state data
29 bases to produce useful, geographically based analysis and
30 products, to the extent possible using existing resources.

31 (4) Provides technical assistance related to accessing workforce
32 and economic information to local governments, public-sector
33 entities, research institutes, nonprofit organizations, and community
34 groups that have various levels of expertise, to the extent possible
35 using existing resources.

36 (b) The department shall coordinate with the State Department
37 of Education, the Chancellor of the California Community
38 Colleges, the State Department of Social Services, the California
39 Postsecondary Education Commission, the Department of Finance,
40 and the Franchise Tax Board in developing economic and

workforce information. The department shall also solicit input in the operation of the program from public and private agencies and individuals that make use of the labor market information provided by the department.

SEC. 74. Section 10530 of the Unemployment Insurance Code is amended to read:

10530. It is the intent of the Legislature to establish a statewide comprehensive labor market and occupational supply and demand information system to coordinate the labor market information needs, including those specified in the statutes cited below, for the following entities:

~~(1)~~

(a) The Board of Governors of the California Community Colleges pursuant to its responsibilities under Sections 70901, 70901.5, 71050, 78015, and 78016 of the Education Code.

~~(2)~~

(b) The State Department of Education, pursuant to its responsibilities under Sections 321, 323, 332, 341, 343, 421, 422, and 423 of the federal Carl D. Perkins Vocational Education Act (20 U.S.C. Sec. 2301 et seq.), and Sections 8031, 8081, 8500, 51228, 52300, 52301.5, 52302, 52302.3, 52302.5, 52304, 52309, 52381, 52519, 52520, 52910, 52911, and 52912 of the Education Code.

~~(3)~~

(c) The *Economic and* Employment Development Department, pursuant to its responsibilities under Article 1 (commencing with Section 1251) and Article 1.5 (commencing with Section 1266) of Chapter 5 of Part 1 of Division 1, Chapter 9 (commencing with Section 2051) of Part 1 of Division 1, Article 2 (commencing with Section 10521) of Chapter 4.5 of Part 1 of Division 3, and Chapter 6 (commencing with Section 15050) and Chapter 7.5 (commencing with Section 15075) of Division 8.

~~(4)~~

(d) The Employment Training Panel, pursuant to its responsibilities under Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3.

~~(5)~~

(e) The Department of Rehabilitation, pursuant to its responsibilities under Section 19152 of the Welfare and Institutions Code.

1 ~~(6)~~

2 (f) The State Department of Social Services, pursuant to its
3 responsibilities under Article 3.2 (commencing with Section 11320)
4 of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions
5 Code.

6 ~~(7)~~

7 ~~(g) The State Job Training Coordinating Council, pursuant to~~
8 ~~its responsibilities under Chapter 4.5 (commencing with Section~~
9 ~~10510) of Part 1 of Division 3, and Chapter 3 (commencing with~~
10 ~~Section 15020.1), Chapter 4 (commencing with Section 15030),~~
11 ~~Chapter 4.5 (commencing with Section 15035), and Chapter 7.5~~
12 ~~(commencing with Section 15075) of Division 8 Workforce~~
13 ~~Investment Board.~~

14 SEC. 75. *Section 10533 of the Unemployment Insurance Code*
15 *is amended to read:*

16 10533. (a) The *Economic and* Employment Development
17 Department shall operate the State-Local Cooperative Labor Market
18 Information Program as the primary component of the
19 comprehensive labor market and occupational supply and demand
20 information system described by Section 10530. The department
21 shall consult with agencies listed in Section 10530 in the
22 development and operation of this program.

23 (b) The objectives of this program shall be to produce, through
24 extensive local participation and for distribution in effective
25 formats to all local users, reliable occupational information, and
26 to achieve cost-efficient production by avoiding duplication of
27 efforts. The program shall be a primary source for local and
28 statewide occupational information and shall be available in all
29 labor market areas in the state.

30 (c) In producing this information, state and local agencies shall
31 use state occupational forecasts and other indicators of occupational
32 growth, combined with local employer surveys of recruitment
33 practices, job qualifications, earnings and hours, advancement and
34 outlook, to provide statistically valid occupational analyses for
35 local job training and education programs.

36 (d) Local labor market information studies shall be conducted
37 by the department or by a local entity and shall include the
38 participation of local users of the information.

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**All matter omitted in this version of the bill
appears in the bill as introduced in
Assembly, March 11, 2009 (JR11)**

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